

**IN HIS
NAME**

Contents

- 3 Highlights
- 4 IDRO Strategic Plan
- 6 Chairman's Review
- 8 Executive Board
- 10 IDRO Organisational Chart

- 12 PART I - Introduction**
- 13 IDRO at a Glance
- 16 Human Resources

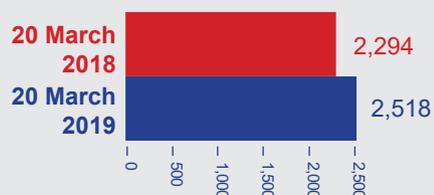
- 18 PART II - Industries**
- 19 Oil, Gas and Energy Industries
- 24 Marine Industries
- 27 Auto Manufacturing Industries
- 31 Railway Industries
- 33 Hi-tech Industries
- 37 Developing Underdeveloped Regions
- 46 Special Economic Regions and Research Centres
- 48 Companies Renovation

- 49 PART III - Financial Statements**
- 50 IDRO Corporation
- 54 IDRO Group

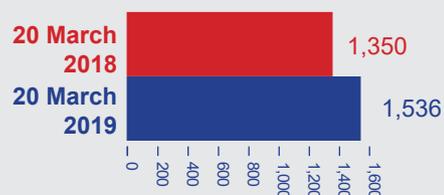


Highlights

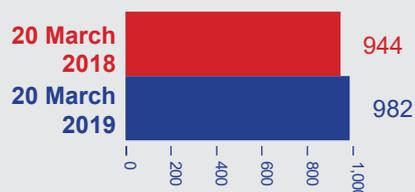
Total Assets
Million EUR



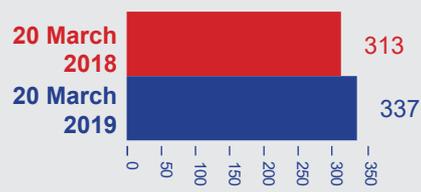
Total Liabilities
Million EUR



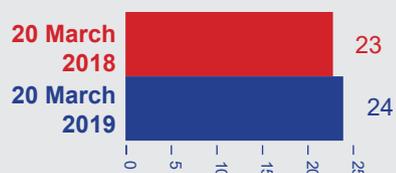
Total Shareholders' Equity
Million EUR



Net Sales
Million EUR



Gross Profit
Million EUR



Net Profit
Million EUR



* The Iranian fiscal year ends on March 20th.

** According to the statistics released by the Central Bank of Islamic Republic of Iran (CBI), the rate of exchange was EUR1 / IRR47,658 at the end of the reporting period.



IDRO Strategic Plan

After studying and analysing the previous and present conditions of the organisation, a general revision was carried out in the vision, mission, goals, and strategies of IDRO to provide a new attitude.

They have led to “IDRO’s Strategic Plan”, which is explained subsequently. In the next step, we discuss whether the country needs a developmental organisation like IDRO. The IDRO’s objectivity clause will be specified after making answer of the question clear. The remaining sections discuss the methodology to formulate vision, mission, and values, explain each of them, and discuss goals and strategies.

Vision

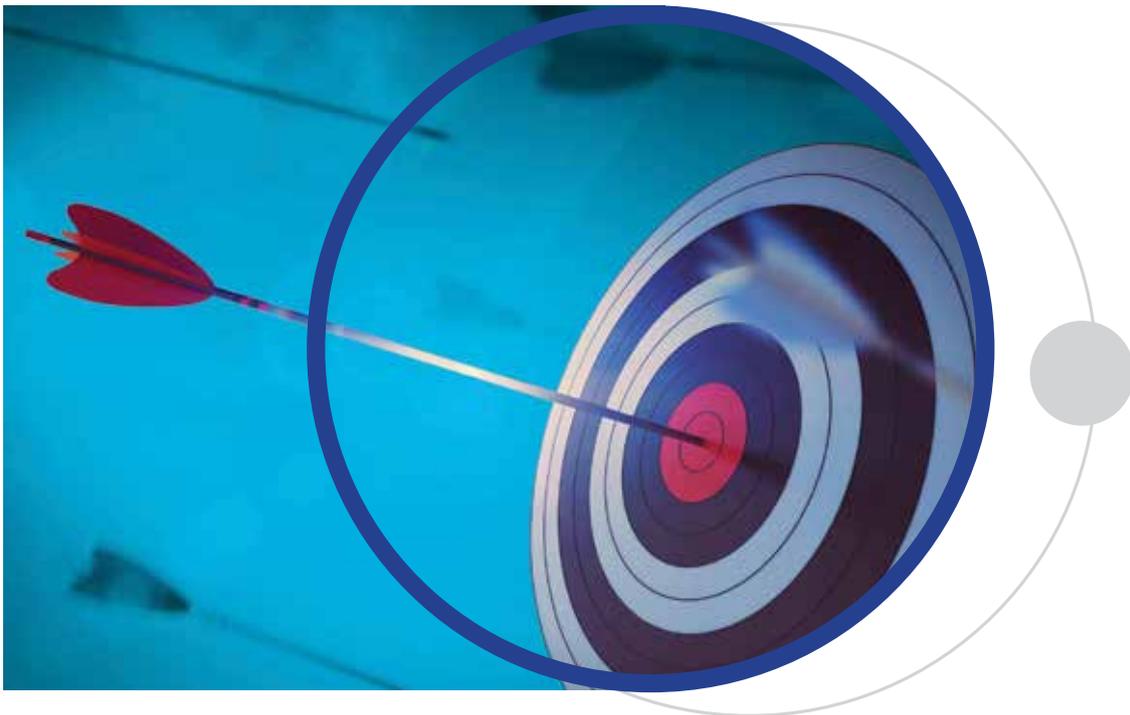
We aim to be a pioneering organisation in transforming Iran into an industrial and innovative within the Middle East (in targeted industries), in accordance with Iran’s vision statement of 2025.

Mission

We are a developmental organisation with an economic approach that helps the state and support the private sector by focusing on the integrated management of development and renovation of specific industries through mobilisation of resources and by creating grounds for speedy balanced industrial development, which is compatible to our infrastructural level.

Values

IDRO is an effective, up-to-date, dynamic, intelligent, and accountable organisation that benefits from transparent procedures, an uncorrupted administrative system and follows a strict code of professional conduct.



Goals

- Developing specified industries and meeting key objectives for them.
- Linking specified industries to the global value chain.
- Participating in regional development.
- Empowering the private sector.
- Sustaining position in Iran's industrial development.

Strategies

- Adopting a value-oriented chain approach.
- Adopting a selective approach in industrial development.
- Acquiring a contingency approach and minimising intervention.
- Actively interacting with beneficiaries and effective institutions.
- Establishing networks.
- Actively participating in modifying the industrial financing system.
- Diversifying the financing methods.
- Encouraging a demand-oriented technological development.
- Engaging in strategic partnerships.
- Managing mega projects.
- Participating in targeted regional industrial development.
- Promoting management development.
- Organisational agility.





Chairman`s Review

Taking the pivotal role industry plays in holistic development of the country into account made Industrial Development and Renovation Organization of Iran (IDRO) come into being in 1967 to have the country industrialized. To do so, IDRO embarked on establishment of key and large-scale industries for which the country called at the time in one hand and where the private sector was disinclined to carry the aforesaid industries out due to characteristics those of considerable financial resources, high risks and low rate of return they would impose on the other by which the role that of ground setting for the nurture of private sector could be envisaged by IDRO.

In its course of activity, numerous industrial units have been launched and handed over to private sector by IDRO without whose efforts and contributions prosperity of private sector and a considerable part of industries created would have been next to impossibility.



Over half a century of extensive experience has brought IDRO a certain set of guidelines to be translated into its vision, mission, goals and strategies. Based on conducting strategic studies, analyzing SWOT recognizing its core competencies, IDRO's target industries and focal points have been designated as follow:

- Oil, gas & energy industries
- Transportation industries (Automobile, Marine, Rail, nonmilitary helicopters)
- Hi-Tech industries
- Industrial Renovation and renewal
- Management development

The main measures taken by IDRO concerned with the abovementioned fields are as follow:

- Launching satellite Platform 14 C in the Persian Gulf and extracting sour gas from the tank of the second platform of Phase 14 of South Pars Gas Field.
- Installing Platform 14 C and breaking records in domestic manufacturing of refinery equipment at Phase 14 of South Pars Gas Field.
- Completing ESR (Electro Slag Remelting), machining, laboratory and quality control, melt, heat treatment, straitening and peeling units at Esfarayen Industrial Complex.
- Obtaining what is required and carrying out supervision to ensure the progress of IDRO projects such as: bioethanol fuel production, DDGS from corn and cereal of Kermanshah, renovating the spilling line of Balouch Industries Development Company, constructing necessary infrastructure at the Garmsar Special Economic Zone (Pishrow Phase) and Jahrom (Phase 1).
- Commencing on investment projects in Iran's underdeveloped regions. These projects include: manufacturing paper from calcium carbonate in Kharameh Industrial Park – Fars Province, bioethanol fuel production from corn and cereal wastage in Basht town in Kohkiloye va Boyer Ahmad Province.
- Signing a contract to hand over approximately 20 hectares of land belonging to the Garmsar Special Economic Zone to investors.
- Approval of comprehensive projects of Jahrom and Garmsar Special Economic Zone projects via the Free & Special Economic Zones High Council.
- Offering approximately 2,901,703 man/hours of training, of which 7,561 man/hours were given by IDRO and 2,894,169 man/hours were provided by the Industrial Management Institute.

IDRO has always been striving to attract international joint-ventures and investment so as to jointly produce, transfer, develop and export technology as well as rising added value and job opportunities meant to result in sustainable development and competitiveness.

IDRO has set a state-of-the-art approach that of making industries intelligent and well-prepared to encounter the Fourth Industrial Revolution as well as taking the very recent and evolving technological advances into consideration to have hi-technology industries and its competitiveness developed and hence undertakes to update requirements and create appropriate structures by which to get them fulfilled.



Executive Board



Amir Bayat Tork

Deputy Minister of Industry, Mine & Trade
Chairman of the Board



Behzad Etemadi

Executive Board Member



Mohammad Reza Abdollahi

Executive Board Member



Saeid Fayeghi
Executive Board Member

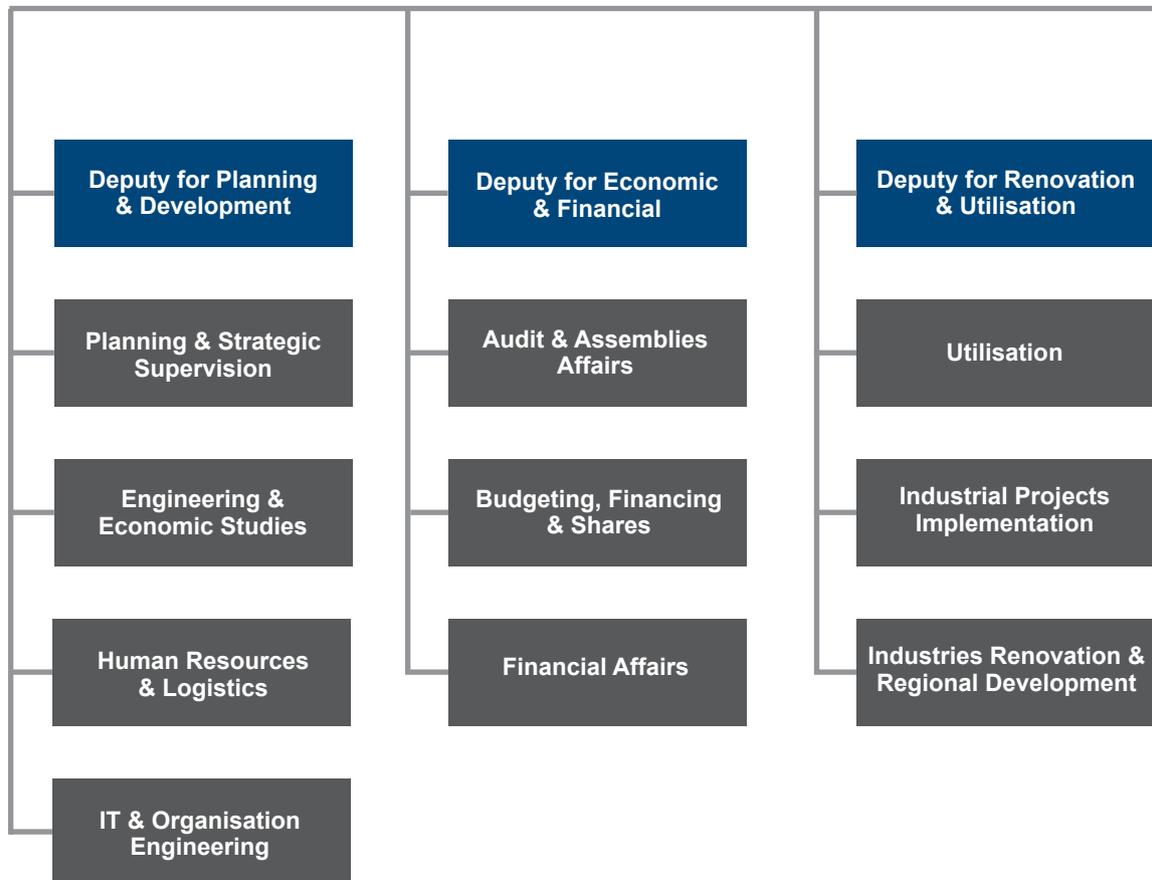


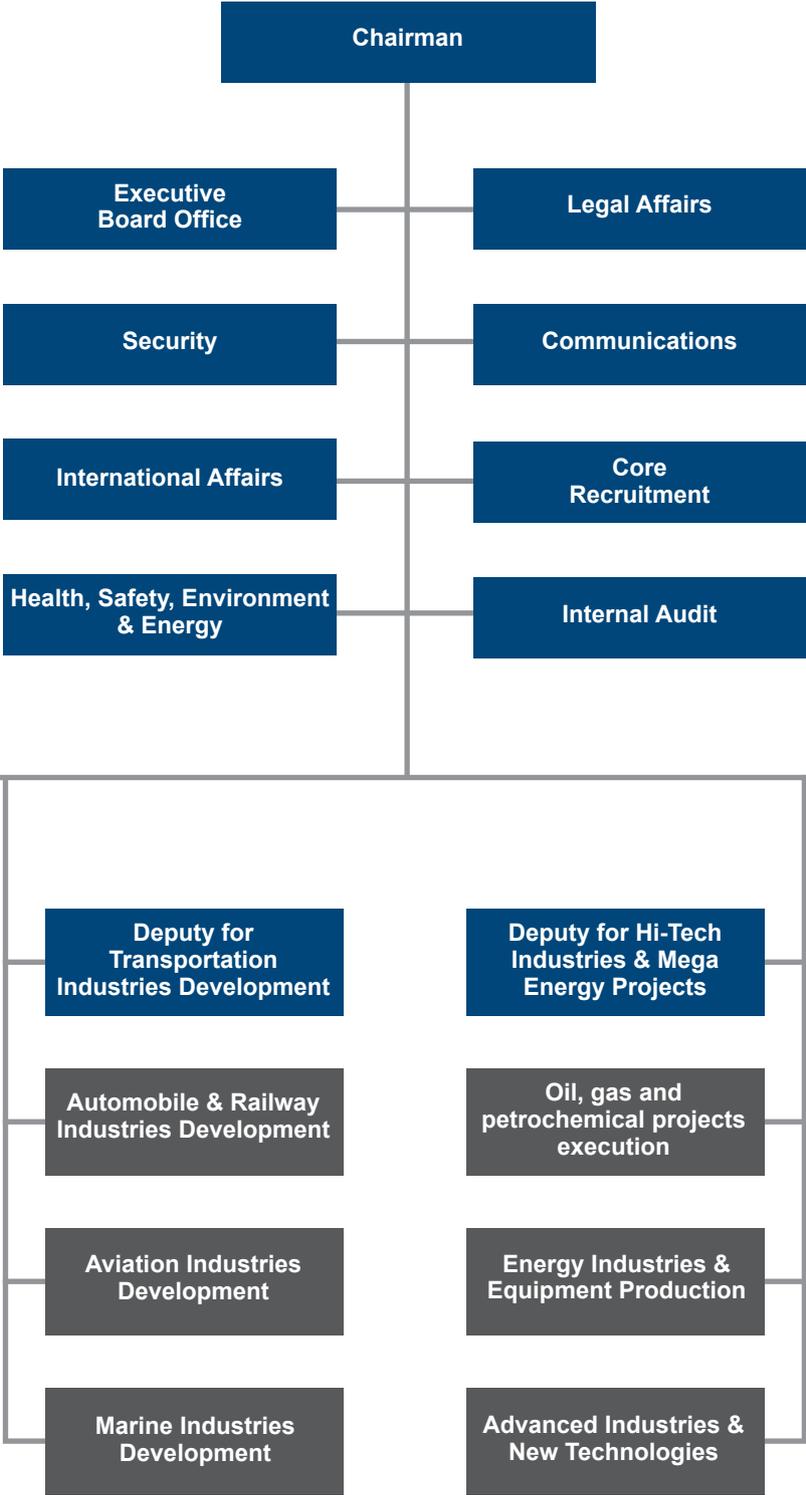
Farshad Salehi
Executive Board Member



IDRO

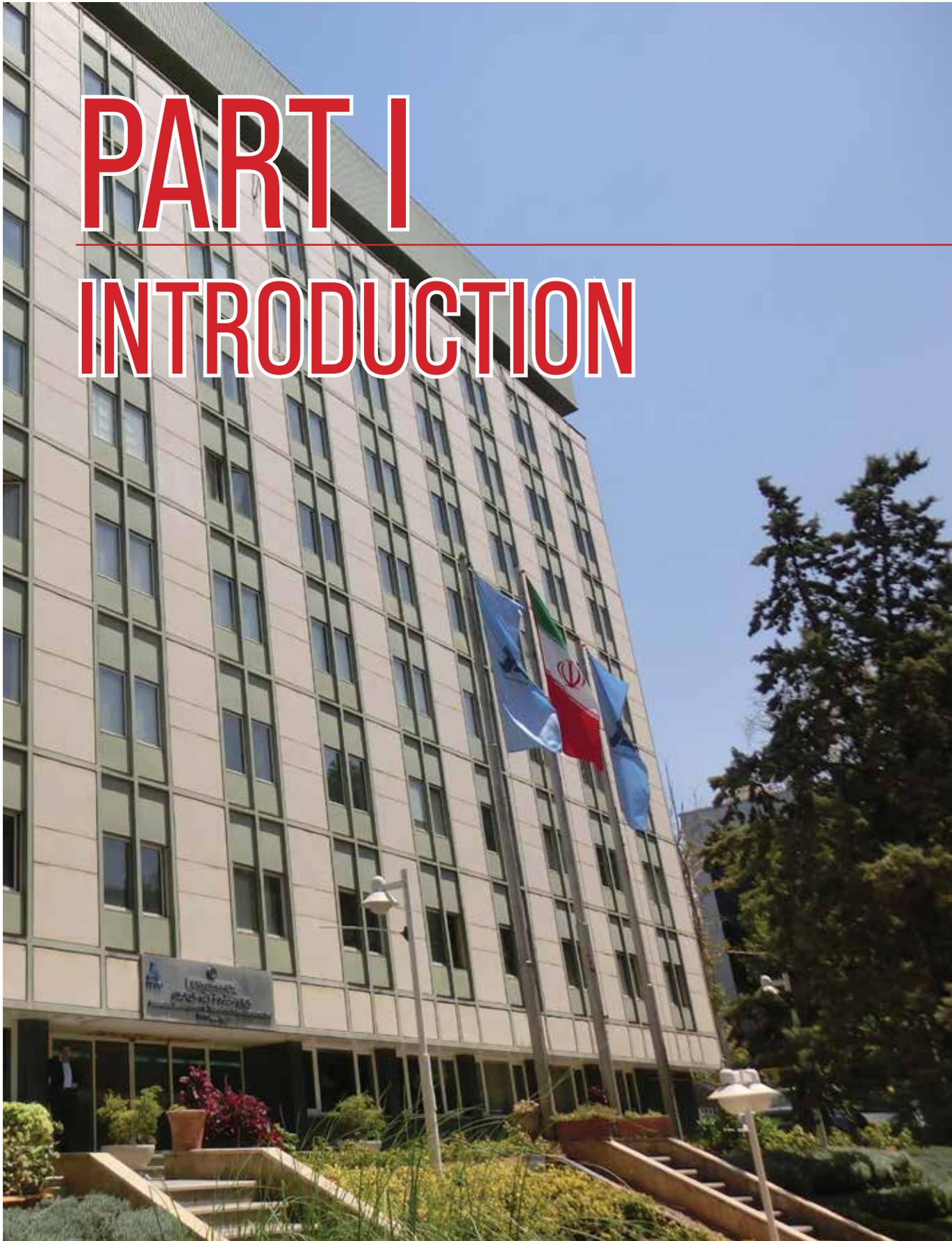
Organisational Chart





PART I

INTRODUCTION





IDRO at a Glance

The Industrial Development & Renovation Organization of Iran (IDRO) was established in 1967 as a developmental, comprehensive and independent institute which complies with a specific law and aims to accelerate industrialisation of the country through helping development and renovation of industries.

This organisation has created and launched key and heavy industries, which were considered to be necessary for the country, where the private sector has been reluctant to establish them due to lack of finance, high risk involved, long-term returns, etc.

The mission of IDRO is to set grounds for encouraging the private sector to develop industries. In other words, by launching industrial units and handing them over to the private sector, IDRO has contributed to private sector development.

IDRO has undoubtedly made major contributions to the creation of the main portion of Iran's industrial infrastructure. Since this organisation was formed, IDRO has played various roles in different eras to best serve Iran's industrial requirements.

IDRO's roles and activities since it was established may be divided into the following categories:

1st Course: Establishing heavy industries and their affiliates such as automobile, agricultural and marine machineries as well as tools and equipment required by petroleum, gas, energy industries and power plants. In this regard some of the most important measures taken are as follows: establishing Machine Sazi Arak, Machine Sazi Tabriz, Iran Tractor Manufacturing Co., Iranian Aluminium Company (IRALCO), Heavy Equipment Production Company (HEPCO), Persian Gulf Shipbuilding, Arvandan Shipbuilding, Pars Wagon Manufacturing, Motogen and Pumpiran Companies.

2nd Course: Administering the main portion of heavy and national industries in the first 10 years of the establishment of the Islamic Republic. Furthermore, supporting Iran's industries during the Iran-Iraq war, via forming a central headquarter and utilising subsidiaries' potential.

3rd Course: Implementing mega industrial and national projects, such as the construction of oil and gas refineries, petrochemical complexes, power plants and merging auto manufacturers into two large auto manufacturers which included Iran Khodro and Saipa as well as implementing major industrial projects (known as the Ten Projects), namely: oil equipment industries, Esfarayen Industrial Complex, Jovain Electrical Machines, Pumps & Turbines and the Iran Heavy Diesel Manufacturing Companies, etc.





4th Course: Focusing on partnerships in investing industrial plans, being a leader in executing mega projects and a contractor of South Pars Oil Projects and planning to further develop automobile manufacturing industry.

5th Course: Privatising a main portion of subsidiaries according to Article 44 of the Iranian Constitution. During this period, IDRO also continued to implement mega oil and gas national projects in the South Pars Gas Field and in the transportation sector. Finally, IDRO continued to support Iran's less developed regions and to focus on the development of hi-tech industries.

6th Course: IDRO is proud that during the past 50 years, it has made major contributions to Iran's industrial development. As this organisation enters its sixth decade of service, it continues to fulfil its task to create employment opportunities, to develop a knowledge-based economy, boost productivity and production, encourage training, increase domestic production and production compatibility, gearing national production towards meeting export requirements, further developing special economic zones as well as industrial diplomacy. Today, IDRO continues to attract foreign investment that lead to joint production, importation of technology and joint exports all of which, lead to wealth and job creation as well as boosting compatibility and development of technology. In this context, IDRO has signed 24 MOUs and joint venture agreements with leading countries which possess reputable brands. By taking advantage of other industrial, regional and private sector potentials, IDRO shall also endeavour towards balancing development throughout Iran. This is to be achieved by stressing upon the development of the country's underdeveloped regions.

IDRO aims to further advance the existing industries in order to prepare them for the Fourth Industrial Revolution as well as creating a background to make industries intelligent.

IDRO's Role in Realising Government Policies & Countering Industrial Shortcomings

Creating Employment in Production & Service Sectors & Enhancing Productivity of Production & Improving Compatibility

- Renovating industries.
- Completing semi-finished projects.
- Contributing to the development of regions and job creation.

Goal – oriented Supporting Domestic Production

- Revising the organisation's mission in renovating industries.
- Increasing investments in export oriented large and key industries.
- Creating industrial and technological infrastructure in Jahrom and Garmsar. Special Economic Zones and Kavosh Research & Technology Township.

Empowering the Private Sector

- Implementing projects in partnership with the private sector.
- Commercializing research products.
- Implementing mega projects and preparing grounds for participation of the private sector in developing value chain and downstream industries.

Developing Domestic Production Capabilities

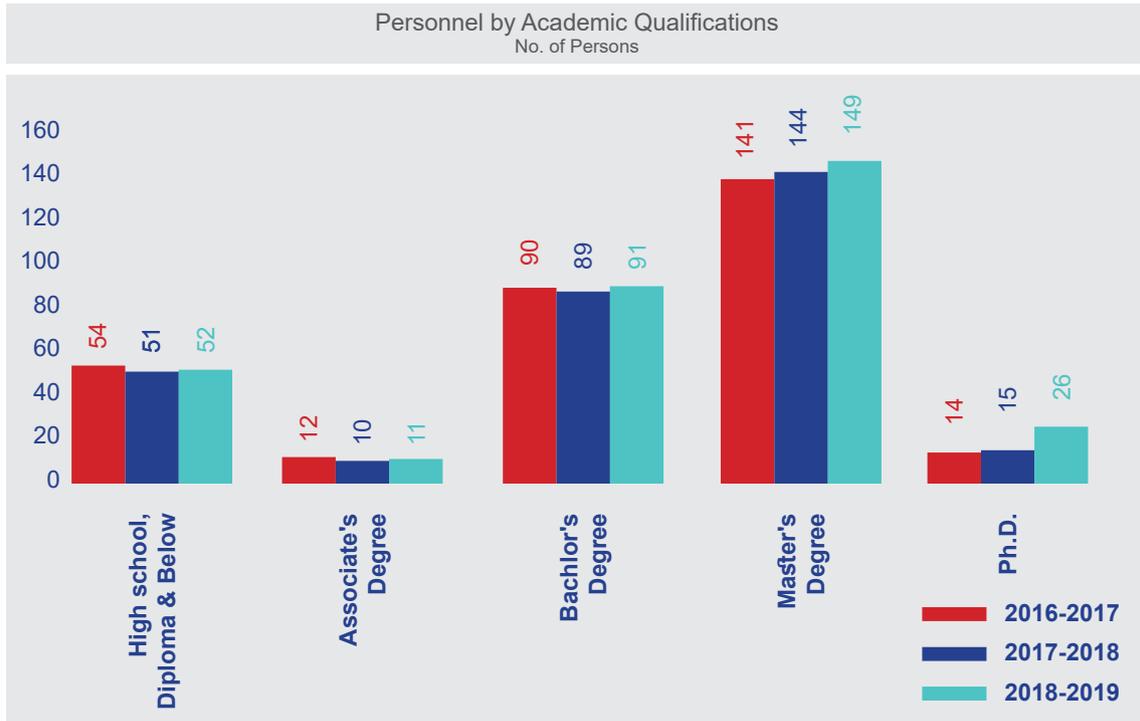
- Establishing the Domestic Production Committee for the Commercial Fleet Renovation Project.
- Supplying urban metro wagons by creating a consortium composed of domestic and foreign companies.





Human Resources

Having recognised the vital and undeniable role of human resources in meeting organisational objectives, we dedicate a considerable portion of our time and resources towards recruiting educated and skilled personnel. Thus, the 80% of our staff have bachelors or higher degrees. The following bar chart provides a breakdown of the employees by educational background:





Management Development

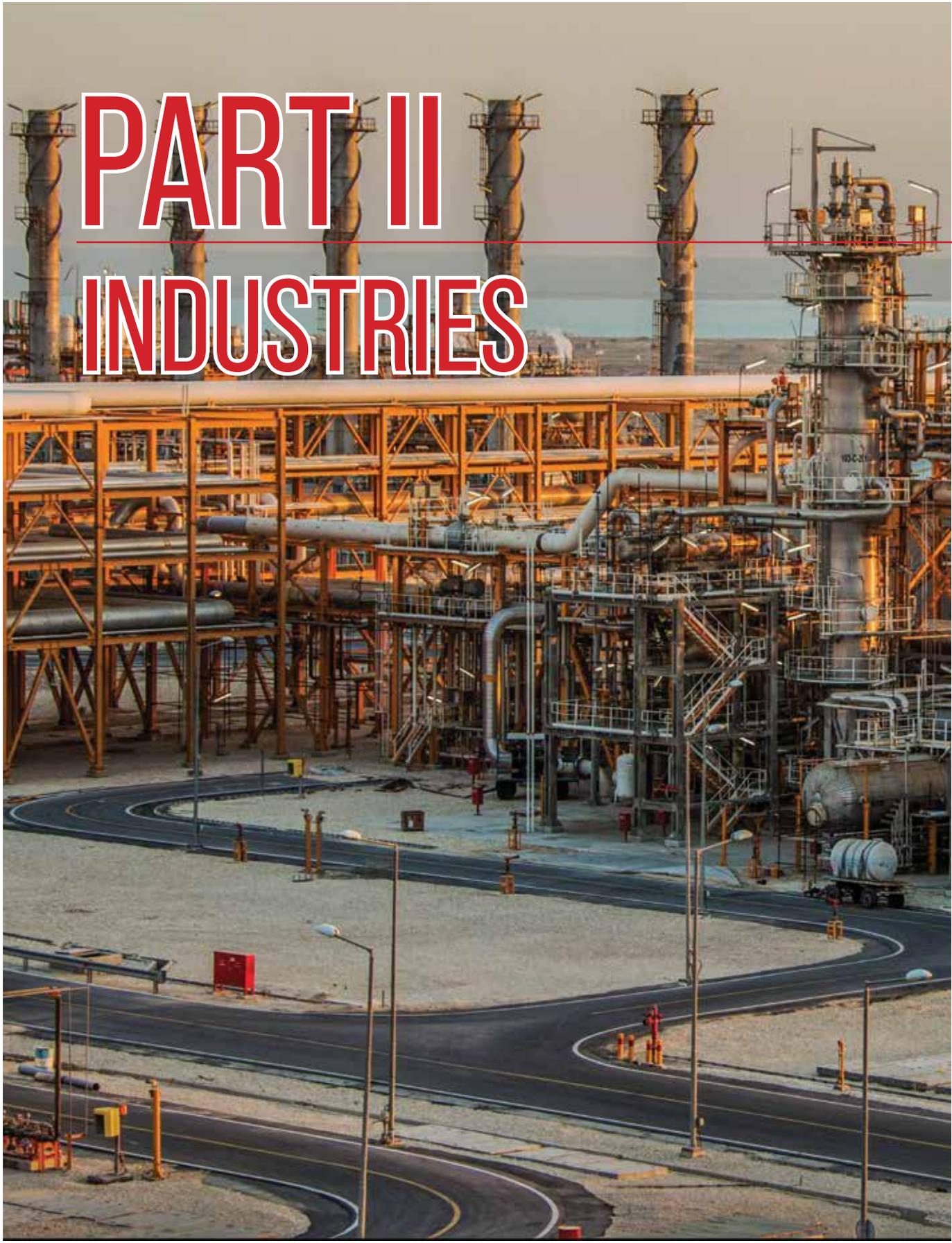
Training

During the reporting period 2,894,169 man/hours of training were given.

In addition to providing training to our staff, we aim to contribute to Iran's industrial development by training managers. Hence, during the reporting fiscal period, we carried out the following tasks:

- To Hold below topics
 - 2 Courses in cooperation with Khaje Nasir University
 - MBA- Investment Market.
 - MBA -Fire and Safety.
 - MBA -Aviation Management.
 - MBA -Mine and mineral Industries.
 - MBA -Trade Management.
 - MBA- e-Payment.
 - MBA- Knowledge-based companies.
 - Post MBA in Business Socializing.
 - DBA -Stock Market and Investment.
 - Post Doc in Cooperation with FHM University.
- Conducted a number of industrial consulting projects relating to human resource management, market strategy, marketing, production and engineering operations, rating, EPC, etc.
- Rating top Iranian companies based on Future Global SCO.
- Organizing the 14th human resource conference, in which 1,400 managers, experts and enthusiasts took part.





PART II

INDUSTRIES



OIL, GAS and ENERGY INDUSTRIES

In recent years, IDRO has played a major role in development of Iran's energy sector which is one of Iran's main sources of revenue. The mega national projects, in which IDRO has lately taken part in, are mainly located in the South Pars Gas Field.

Major Energy Projects

South Pars Gas Field

Located in one of the world's most strategic and energy rich regions, and 100KM from Iran's southern coast in the Persian Gulf, is jointly owned by Iran and Qatar. According to the International Energy Agency (IEA), this field which holds over 50 trillion cubic meters of natural gas and some 50 billion barrels of condensates, is the world's largest gas field.

The estimated reserves in the Iranian section are 500 trillion cubic feet (14.2 trillion cubic meters) of gas and approximately 360 trillion cubic feet (10.2 trillion cubic meters) of recoverable gas which accounts for 36% of Iran's total proven gas reserves and 5.6% of the world's proven gas reserves. The Iranian section also holds 18 billion barrels of condensate of which some 9 billion barrels are believed to be recoverable.

Implemented Projects in South Pars Gas Field

Phase 1 Gas Refinery

Phase 1 was developed to produce 1 billion cubic feet of natural gas, 40,000 barrels of condensate plus 200 tons of sulphur per day. The onshore portion of this project amounting to USD300 million was executed by a consortium of IDRO and the South Korean Company, Daelim. As a contractor, IDRO was involved in the fields of engineering, procurement and construction of the gas refinery.

Phases 6, 7 & 8 Gas Refinery

Phases 6, 7 & 8 were developed to produce dry sour gas for re-injection into Aghajari Oil Field, heavy gas and condensate for export. These phases involved the construction of

three offshore platforms in addition to the onshore facilities. Statoil company developed the offshore portion while Petropars Company developed the onshore facilities through a joint venture between Toyo and JGC from Japan, Daelim from South Korea and IDRO.

This project was to produce 104 MM scm/d of gas in the Assaluyeh region via engineering, procurement and construction (EPC) process. The initial value of the contract was USD1.2 billion. However, having undergone expansions, the said amount increased to USD1.9 billion.

Phases 6, 7 and 8 were projected to daily production of 158 thousand barrels of gas condensate, 4,450 tons of liquefied petroleum gas (LPG) for export. 3.64 billion cubic feet per day of sour and dry gas was also planned to be injected into the Aghajari Oil Field wells.

Ongoing Projects

South Pars Gas Field Phase 14

Phase 14 of South Pars Gas Field is composed of both offshore and onshore sections. The offshore section comprises of 44 wells, four platforms, two 32 - inch submarine pipelines (210 km), two 18- inch infield pipe lines for transferring the production from the satellite platforms to the inlet of the 32- inch sea lines on the departure from the 16 km main decks, two 4 - inch submarine pipelines (210 km) designed for transporting Glycol, respectively. The onshore facilities include 4 tanks to store gas condensates, MEG Recovery unit, a firefighting system, a wastewater treatment plant, utilities such as steam, power distribution, nitrogen and etc., sulphur recovery, gas compression unit, gas treatment lines and gas condensate stabilisation units. The products manufactured include 50 million cubic meters/day of refined natural gas, an annual 1.05 million tons of LPG, 77 thousand barrels/day of gas condensates and 400 tons/day of sulphur as well as one million tons/annum of Ethane gas to be used as feed for petrochemical plants.



The project is being executed by a consortium with 8 members as IDRO, Industrial Projects Management of Iran (IPMI), Iranian Offshore Engineering and Construction (IOEC), National Iranian Drilling Company, Iran Shipbuilding and Offshore Industries Complex (ISOICO), MAPNA Group, Machine Sazi Arak and Payandan Companies, with the leadership of IDRO, which together with IPMI hold a 29.97% ownership stake in the project

It is noteworthy that 6,000 jobs have been created as a result of implementing this project. The contract value of the project amounts to USD5.249 million and physical progress was 84.35% by the end of the reporting period.

Significant measures taken during the reporting period are as follows:

Offshore measures:

- Launching 14A marine platform in May 2018 with a 500 million ft³/day of capacity.
- Installing 14C platform in Sep 2018 and gas extraction operations in November 2018 with a 500 million ft³/day of capacity.
- Completing A marine pipeline and A pipeline between phases 14 and 12.
- Nitrogen injection into the 18-inch infield pipe SPD 14C in Oct 2018.
- Drilling in location A of platform by DD2 rig.
- Drilling in location B of platform by COSL craft.

Onshore measures:

- Concreting: 7,652 m³.
- Installation of the 1,932 ton steel structure.
- Above ground piping of 264,838 inch pipes.
- Underground piping of 13,701 inch pipes.
- Finalising the commissioning tender documents of the refinery of phase 14 of South Pars.



South Pars Gas Field Phases 17 & 18

The main objectives of this project, in which operations were commenced in 2005-2006, are to extract 2 billion cubic feet/day of gas from the South Pars Gas Field and to produce 50 million cubic meters/day of sweet gas to be injected in the nationwide gas distribution network.

This project which is composed of both onshore and offshore portions, has the same products and capacity as Phase 14 and is being executed by a consortium with 4 members as IDRO, Oil Industries Engineering and Construction (OIEC), Iranian Offshore Engineering & Construction (IOEC), Iran Marine Industrial (SADRA) companies with the leadership of IDRO holding 46.21% share of the project.



The initial value of the project was USD2,049 million which later increased to the final amount of USD3,565 million, and its physical progress by the end of the reporting period was 99.46%. It is to be noted that the provisional hand-over of the project to the South Pars Gas Complex (SPGC) was completed on July 2017 and then inauguration by the Iranian President took place on March 2017.

Significant measures taken during the reporting period are as follows:

- Submitting the time schedule of remaining work to the client for extending the duration of the main contract till May 2019.
- Solving the existing problems with the contractor of commissioning an O&M (OICO Co.).
- Trying to clearance of the remaining punch to acquire the Provisional Acceptance Certificates (PACs) from the client.
- Handing-over of units 129 (wastewater treatment) and 108 (Sulphur Recovery Unit of phase 17) to the operator of the South Pars gas refineries (SPGC).



Projects at the Initial Stages of Implementation

Sousangerd Oil Field Development

To develop the Sousangerd Oil Field, a Master Development Plan (MDP) is being drafted by the Austrian Hot Eng. Company which has purchased 90% till the end of the reporting period.

Three wells have already been drilled in this field. Production of crude oil has been programmed through the below mentioned phases of drilling of the wells and construction of the above-ground process facility:

- First phase: production capacity is to reach 12,500 barrels/day
- Second phase: production capacity is to reach 30,000 barrels/day
- Third phase: production capacity is to reach 57,200 barrels/day
- Fourth phase: production is ultimately to reach 61,200 barrels/day

Total investment of this project is estimated to stand at EUR850 million and 400 new jobs are expected to be finally created.



Tehran Waste Incineration Power Plant

Waste to energy (WTE) is an effective way of reducing the urban wastes while generating power. IDRO aims to contribute in the developing of the Tehran Waste Incineration Power Plant with a capacity of 3,200 tons/day, having 20% of the share via taking part in the bidding of the municipality. The project is to be financially & technologically supported by foreign investors. Total required investment amounts to EUR450 million.

It is to be noted that the bidding process has not progressed that much due to the new economical imposed situation of the country.

Photovoltaic Panel Production

Due to Iran's potentials in the solar sector (being located on the solar belt, having 300 sunny days per year, being above the world average standards of solar irradiation) and also due to the necessity of increasing the renewable share in the power sector, according to the Sixth Five -Year Development Plan & Iran's 20- Year Vision Plan, IDRO, as an industrial development organisation, has planned to launch an automated production line of solar panel with the annual capacity of 300 MW via co-investment with foreign companies and having a 30% share of the project. This project which is expected to create 129 jobs, shall require an investment of EUR11.3 million.

Despite some significant taken measures as follows:

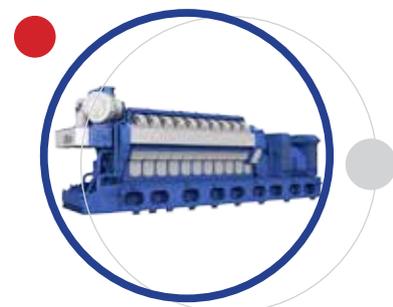
- Signing the memorandum of understanding (MOU), shareholders' agreement (SHA) and the articles of association (AOA).
- Selecting the location of the project plant.
- Taking the initial steps of registration of the company.
- Preparing the initial economical and technical feasibility study.
- Visiting the foreign partner's line of panel production.

,unfortunately the project has not progressed that much due the new economical imposed situation of the country.

Localisation of Oil, Gas and Energy Equipment

Localisation of Medium to Large Scale Gas Engines

Development of distributed power generation is a key strategy of Ministry of Power and as a result, the number of small power plants is increasing in the country. This provides an opportunity to develop local manufacturing of small and medium sized gas engines designed for power generation. Therefore, IDRO is taking the initiative to invest in partnership with a reputable European manufacturer to localize the most suitable model of these engines.



Localisation of Gas Engine Parts

Localisation of parts and components of oil, gas and energy equipment is an important field of activity of ITCO (a subsidiary to IDRO). In this year, ITCO localised 110 items of hot and cold section parts of a gas engine model being widely used in oil industries of the country.



Localisation of Different Types of Meters

IDRO is studying co-investment in a plant to localize different types of meters such as electromagnetic and ultrasonic flow meters, ultrasonic and radar altimeter and RTU in partnership with a local knowledge-based company. So far, the feasibility study has been conducted.



Other Projects

Water and Wastewater Treatment

Iran has been facing severe water shortage in a large portion of the country in recent years and consequently many industrial facilities are struggling to supply the necessary water in desired volume and quality. On the other hand, only around 30% of the population is serviced by efficient domestic waste water treatment plants and water recycling is still very limited. As a solution, IDRO in partnership with an experienced international company is studying a project to design, build and operate new domestic waste water treatment plants to supply water to industrial off-takers.



Small CHP Power Plant

ITCO, which is a subsidiary of IDRO and is constructing an 8 megawatt small CHP power plant in Isfahan, Iran on BOT scheme, has been able to commission 3 out of 4 gas engines of the plant.



Energy Audit

IDRO is determined to decrease energy consumption of its headquarters. That is why an energy audit and subsequently the respective feasibility studies were carried out by a consultant company and necessary initiatives are being taken to materialise the plan.





MARINE INDUSTRIES

Iran's southern and northern borders are almost entirely surrounded by the seas. The southern borders are covered by the Persian Gulf and the Sea of Oman as well as the Indian Ocean, and a major portion of the northern borders are covered by the Caspian Sea.

The mentioned sea borders provide Iran with a strategic access to international waters which enable this country to carry out most of its commercial transactions with the rest of the world. As a consequence, Iran relies heavily on its waterways for importing essential commodities and exporting crude oil and other cargos. Thus, vast marine borders make the marine industries vitally important to Iran.

Iran Shipbuilding & Offshore Industries Complex Company (ISOICO) is the most important executive arm for IDRO's marine industry activities. The scope of operations of this company includes: Engineering, procurement and construction for shipbuilding, ship repair, offshore installations and structures, as well as offering technical and engineering services in the mentioned related specialised fields of activity.

Shipbuilding

In the year under review, ISOICO delivered Pars Sadaf supporting vessel, three 5,000 ton barges, a cruise ship with a capacity of carrying 300 passengers, two ASD tugboats and three multipurpose ships.

Ship Repair

ISOICO has been successful in reducing average time of repairing from 45 days to just 12 days and also, reducing repair costs by 15%. Furthermore, during the period under review, ISOICO repaired three jack-up rigs and 70 ships in various sizes. It is noteworthy that 90% of the aforementioned ships belong to the private sector.

Ongoing Projects:

Development Project / Constructing Two Dry Docks for New Building / Repairing Vessels

In order to capture a part of the lucrative ship repairing market, IDRO has commenced upon the construction of two dry docks with dimensions of 375 × 80 × 14.5m and 475 × 80 × 14.5 m to be used for repairing and building large vessels respectively. The sum of USD443 million and IRR240 billion is required to be invested in the project which is to create 5,000 jobs and is located in the south of Iran, Bandar Abbas city.





The project involving ships weighing more than 3,000 tons has so far, experienced a 77% physical progress.

These docks and industrial workshops shall have the capability to carry out the following tasks:

- Building and repairing various types of large vessels and bulk carrier ships.
- Repairing approximately 30 VLCC ships or their equivalent per year.
- Building two VLCCs or their equivalent tons in steel work per year.

Some of the measures carried out during the reporting period include:

- Launching the air compressors and fire-fighting lines, around the docks.
- Giraffe crane problem solving.
- Supplying vessels' repairing equipment.

Expansion Project of Persian Gulf Nadim Gostaresh Company

To increase the company's repairing capacity, ISOICO has decided to develop Nadim Gostaresh Company by using 1,100-ton as a vessel retrieved and launch system and by creating infrastructure to increase the Company repair capacity from 70 to 700 vessels.

The sum of EUR32.2 million¹ is required to be invested in the project, which is to create 560 jobs.

Some of the measures carried out during the reporting period include:

- Investing EUR4.19 million² to build vessels retrieval and launch systems.
- Tendering and signing for slipway systems repair.



Offshore Industries

In answering to the Country's needs to construct offshore facilities to help develop its oil and gas industries, IDRO has recently become involved in building offshore facilities such as jack up rigs and oil platforms.

1. Total amount of investment has been IRR1,534 billion which was exchanged according to the Central Bank rate by Iranian fiscal year ended March 20th 2019.

2. Total amount of investment has been IRR200 billion which was exchanged according to the Central Bank rate by Iranian fiscal year ended March 20th 2019.



Construction, Loading and Installation of South Pars Gas Field Phase 14 Platforms

Producing 2 billion cubic feet/day, this project consists of offshore platforms (four platforms), sea lines and onshore facilities of Phase 14 of South Pars Gas Field. The client which is Pars Oil and Gas Company (POGC) has invested USD570 million in this project. Physical progress is currently 92.71%.

The measures carried out during the reporting period include:

- Launching, Platform 14A, installing leg structures of Platform 14B along with its FSP desk and flare and preparing the platform for transfer and installation in the sea.



Repair and Set Up of Rig Drilling (Jack-Up)

Successful finishing of rig drilling optimization and reducing repair costs by 30%, in comparison with foreign competitors.

Thanks to the experiences of successfully carrying out major repairs on Shahid Modarres Drilling jack up and several other jack ups after that including: Dena 1, Dena 2, Pasargad as well as DC11, ISIOCO has become a major Iranian company that specialises in jack up repair.

Some other Measures Carried Out in General Projects Include:

- To prepare, design and replace offshore supply vessels.
- Plans to replace two stroke to four stroke marine engines.
- Plans to replace traditional boats with grass tonnage of less than 500 tone.

AUTO MANUFACTURING INDUSTRIES

The auto industry in Iran, was initially commenced in the late 1950s, during which period, this industry has grown to become one of Iran's leading industries. Being the principal player in Iran's passenger vehicles, trucks, buses, and minibuses manufacturing industries and a significant organisation within the auto industry in general, IDRO is determined to increase its productivity, whilst minimising expenses and improving efficiency, quality as well as after sales services.

The number of vehicles (light and heavy) manufactured in Iran was 955,923 units during the reporting period.

IDRO owns 14.04% and 17.31% of Iran Khodro and SAIPA respectively, which together control almost 89% of Iran's total car production.





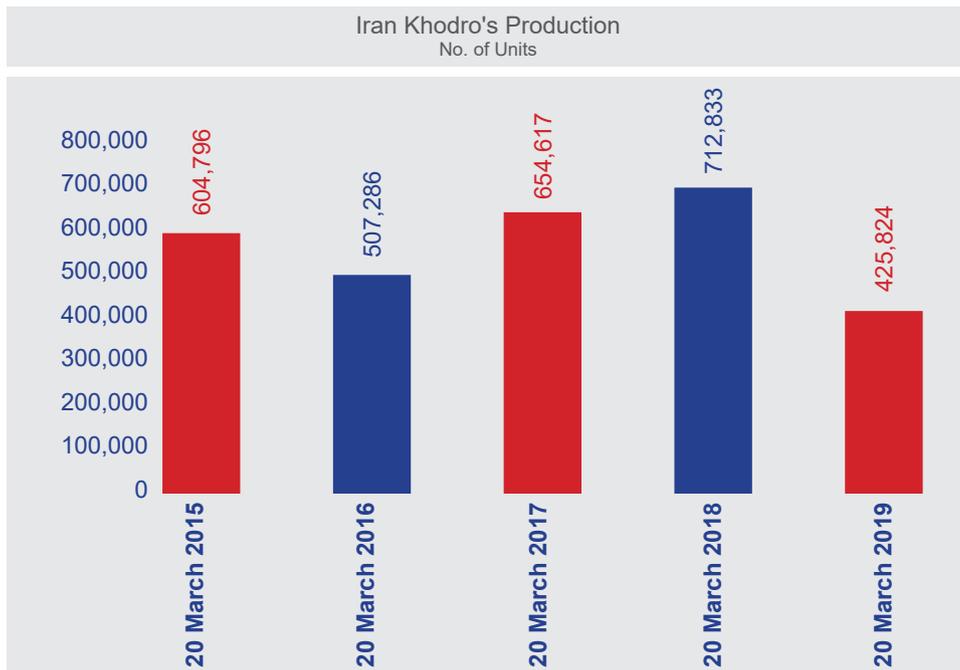
Iran Khodro Industrial Group

Iran Khodro Industrial Group was founded in 1962 under the name of Iran National Industrial Factories. The company first started production of LP buses with around 100 workers. Iran Khodro Industrial Group, which currently employs 57,974 employees, is the largest auto manufacturing group in Iran. During the Iranian fiscal year ended March 20th 2019, the turnover of this group reached to EUR5.08 billion and its assets amounted to EUR6 billion. Thanks to over five decades of invaluable experience, Iran Khodro Industrial Group successfully manufactured over 425 thousand units during the reported Iranian fiscal year which ended on 20th March 2019.



The Passenger vehicles manufactured by this company are: Samand (national Iranian automobile), Peugeot 206, Tondar 90 (Logan L90), Peugeot Pars, Peugeot 405 GLX, Peugeot 2008, Runna, Dena, Soren and pickups under the names of Arisun and Tondar(L90), the main portions of which were manufactured locally. The other Passenger cars (the lesser portion of which were produced locally) are known as Dongfeng H30 cross, S30, Suzuki Vitara and Haima. Iran Khodro Industrial Group also manufactures vans, buses and light and heavy trucks. During recent years, Iran Khodro has intensified its cooperation with its suppliers on every level. Suppliers are now involved in the development of new-generation vehicles at a very early stage. Sapco (Supplying Automotive Parts Company), which is the main subsidiary of Iran Khodro, has now taken on the role of leading development and production packages for suppliers.

The following bar chart demonstrates Iran Khodro Group's production performance in the previous five years.





SAIPA Group

SAIPA Group was established in 1966, under the name of Societe Anonyme Iranienne De Production Automobile (Iranian Citroen Automobile Manufacturing Company). Today, from its humble beginnings and as a result of decades of experience, SAIPA has emerged as a multi-brand, multibillion dollar, diversified holding company.

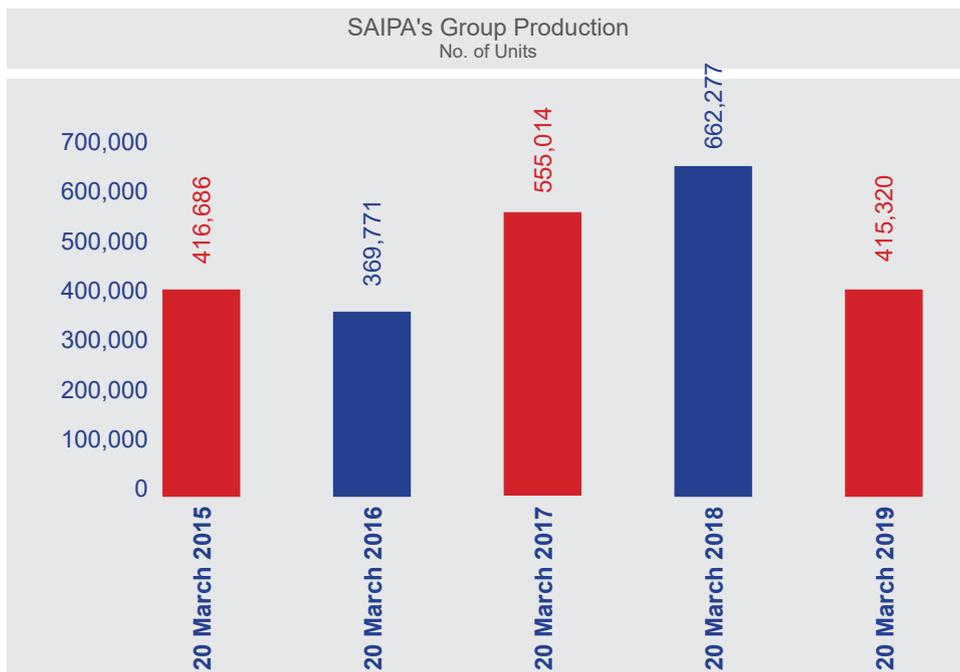


The products of this company include every major market segment in both the passenger car sector and commercial vehicles. The passenger cars manufactured by SAIPA Group include: SAIPA X100, Tiba, Pars Tondar, Tondar 90 (L90), Sandero, Sandero Stepway, Quick, Saina, Roham, Changan CS35, Citroen c3, Brilliance (H220, H230, H330) and pickups, Ario (S300) and Cerato.

Commercial vehicles produced include: vans, trucks, busses and minibuses. SAIPA currently employs 40,242 employees.

During the same period, production of light and heavy vehicles reached over 415 thousand units. Furthermore, the turnover of SAIPA Group was EUR3.8 billion and total assets were more than EUR5.4 billion in the period ended 20th March 2019.

The bar chart below demonstrates SAIPA Group's production performance in the previous five years.





Replacing Heavy Vehicles

Iran's Economic Council has decided to replace and renovate the aged heavy transportation vehicles. IDRO aims to implement this project in partnership with manufacturers, by replacing and renovating 202,500 heavy vehicles within the next seven years. These heavy vehicles include intercity gas and diesel busses, minibuses, coaches, trucks, etc.

Total investment of the project that shall create 27,000 jobs is estimated to stand at USD10.66 billion.

This project has so far, experienced a 12.5% physical progress.



RAILWAY INDUSTRIES

Supplying Metro Wagons

In an attempt to reduce pollution and enhance public welfare, the Iranian government has ordered 2,000 metro wagons which are to be supplied to the municipalities of Iran's major cities including 9 megacities: Tehran, Karaj, Qom, Esfahan, Shiraz, Mashhad, Tabriz, Ahvaz, and Kermanshah. In this regard, a partnership in the form of consortium between local and foreign parties selected by tendering process. According to this contract IDRO shall act as a managing contractor to supply these wagons, 55% of which shall be produced locally and the foreign partner shall invest up to EUR2 billion in this project.

Supplying 630 Metro Wagons in Partnership with CRC

630 units in the first phase are planned to be supplied to Tehran Metro Lines. This project shall create 1,500 direct and 5000 indirect new jobs and EUR782 million is the agreed amount of the Contract. Another outcome of this project is that it shall increase Iran's wagon manufacturing capability by 56.4%.

Some of the measures carried out during the reporting period include:

- Negotiating and preparing the contract to be signed by July 2018.
- Agreement with Bank of Industry & Mine Bank as agent bank.
- Obtaining a permit from the Council of Economics.
- Signing the contract and notifying the contractor.
- Following up the foreign finance.



Supplying 450 Wagons in Partnership with Puzhen China Company

To supply the country's growing demand for metro cars, Wagon Pars Company has engaged in partnership with the Chinese Puzhen Company to produce 450 wagons.

This project, shall create 5,100 direct and indirect jobs and contract value amounts to EUR494 million. One of the distinct features of this project is that Puzhen shall transfer the new technology of manufacturing aluminium car body and bogie frame for the first time to the country. This project aims at manufacturing at least 55% of total production locally (minimum 140 metro cars).



Supplying 960 Wagons in Partnership with Stadler Company

In order to supply Iran's demand for metro wagons, IDRO aims to engage in a project to manufacture 960 wagons within 10 years. By the end of the ten-year period 55% of the wagons manufactured shall be locally produced. The focus of this project which shall create 9,700 direct and indirect jobs is to import technology. This contract is worth EUR1.2 billion. Furthermore, this project shall be financed by a Swiss bank.

Implementing of this project requires the formation of a joint venture between a local and a foreign company which are Stadler Company as a foreign manufacturer and a local manufacturer called Polour Sabz Kerman Company.

During the period under review, technical and commercial as well as legal negotiations were conducted between the parties and a joint venture agreement was signed with the foreign partner.



HI-TECH INDUSTRIES

IDRO's strategy regarding hi-tech industries is to create and develop economically feasible related projects and to support innovative and applied research for the purpose of assisting knowledge-based private companies involved in this sector.

During the reported period, IDRO's performance in identifying investment opportunities (focusing in hi-technologies), implementation of investment projects, and international agreements and joint ventures are illustrated below:

Manufacturing Membrane Filters

The sum of USD6.7 million and IRR500 billion is required in this project to establish a second production line in Eilam. This project has the nominal capacity to produce 2 million square meters annually. The land of project has been purchased and all office buildings have been constructed. Physical progress of this project by the end of the reporting period was 18.65%.

Significant measures taken during the reporting period are as follows:

- Technology transfer contract with Shengshi Company as a result of buying a production line with 2 million square meter /annum capacity.
- Preparing a preliminary timetable.
- Continuing to reform the production line (has been built by Sharif University in Kavosh).



Establishing Bio-Implant Production Centers

IDRO has a 40% stake in a company (Alborz Denesh Baft Co.) that produces various types of bio implants including Tendon & Ligaments, Ceno Bone (Bone Bioimplant), Ceno Valve (Cardiovascular Bioimplant). Total investments in this company amount to EUR 17.8 million¹.

Nominal capacity of this company is 3,000 kg/annum of Ceno Bone, 7,500 procedure/annum of tendon ligaments and 1,500 procedure/annum of Ceno Valve. During the period under review, facilities and infrastructures in Tehran and Kermanshah sites were prepared and a number of licenses were obtained up to 70% progress. (The first phase)

¹. Total amount of investment has been IRR 850 billion which was exchanged according to the Central Bank rate by Iranian fiscal year ended March 20th 2019.



Information Technology Projects by Magfa (as IDRO's ICT representative)

Magfa is a leading state-owned company and a subsidiary of IDRO in the field of information and communication technology. Magfa's activities include the following:

1. Investing and partnering with the private sector in the field of information and communication technology
2. Macro project management
3. Provide e-government infrastructure and services
4. Business consulting services
5. Data centers
6. SMS services
7. Smart solutions(Smart City, Connected Cars, Internet of Things)
8. Tracking systems (GIS , GPS)
9. E-health , E-Learning
10. Development of custom systems and software

Implementation of E-Commerce Development Center

As the ICT arm of IDRO, MAGFA Company has been assigned the task of implementing Iran's mega ICT projects concerning e-government. In this regard, MAGFA has signed an contract with Ecommerce Development Centre to create a commercial data centre . The Ecommerce Development Centre shall support and supervise all services and commercial data through this data centre. IDRO (MAGFA) on the other hand, is to invest (total investments amounting to EUR 1.2 million) for physical infrastructures and development of software and data transfer. This project shall create employment for 122 people.

The activities carried out during the reporting financial period include constructing infrastructures and transferring systems. Physical progress at the end of the reporting period was 18%.

Significant measures taken during the reporting period are as follows:

- o Finalizing signing contract with e-commerce Development Centre Of Iran
- o Physical developing and completing primary data center



Microelectronics Projects by MERDCI

Microelectronics Research Centre of Iran (MERDCI) which involves in the fields of microelectronics (ASIC & SOC design house, MEMS design center), ICT (internet of objects, macro data...), bioelectronics (medical equipment, sensors, etc.), power electronics (electric car, Electromotor, inverters, etc.) and renewable energy and energy efficiency optimization (Solar energy, wind energy, smart home,...) is affiliated to IDRO. Through MERDCI, IDRO was studying the following projects in the reported financial period:

Manufacturing various types of flow-meters and other industrial measuring devices

The purpose of this project is to produce various types of industrial instruments such as Electromagnetic flow-meters, Ultrasound flow-meters, Radar level meter, Ultrasound level meter and RTUs (Remoter terminal unit). The main market of these products is oil and gas, water and wastewater industries.

Design and manufacturing SCADA and Smart Metering systems for smart power plant simulators

The products of this project are integrated sets of intelligent data acquisition and processing, monitoring and control system based on SCADA that have been equipped with smart business indicators dashboards. This system can provide real time production indicators to users in various text & graphic formats.

Energy consumption optimization by applying HICOT technology in furnaces of large factories

High-temperature combustion Technology (HICOT) is a system in which the mixture of fuel & air as main input of combustion chamber is preheated to a suitable temperature. This technology will help factories to considerably

increase energy efficiency and reduce pollutant emissions of their furnaces.

Establishment of a 50MW wind farm and manufacturing towers of wind turbines

The project includes investment in a 50 MW wind farm in south-east of Iran as one of the high potential Iranian wind corridors using gearless wind turbines and to localized the respective towers of the turbines.

Production of high efficiency poly silicon solar panels

The purpose of the project is establishment of a solar panel production line in partnership with an international reputable company with annual capacity of 300

Production of Acrylonitrile (ACN):

ACN is one of the intermediate products of propylene chain and is the main precursor for producing acrylic fibre, carbon fibre, PAN, ABS resins, and Adiponitrile. Considering the main policy of avoiding crude oil sale, producing high value-added products and achieving the development of the value chain in the petrochemical industry, IDRO has been planning to invest on production of this precious and strategic product.

Following the Board resolution on November 2017, formation of a joint venture with reputable partners in this field has been placed on the organization agenda. Performing the pre-feasibility study, investigating the capabilities of the well-known engineering consulting companies, finalizing the partnership, and negotiating with the technology owners and identifying the potential investors and companies are in progress.

The production capacity of the plant is 100 thousand tons per annum and 150 job opportunities will be created. Total investment is approximately USD400 million.



High-tech Development studies:

Under Study for preparing feasibility studies

- Intelligent video surveillance system
- Connected Car
- Establishing a factory for producing various types of high power industrial LED lamps
- NBIOT (Narrowband Internet of Things) designing and producing
- Producing advanced medical imaging equipment
- Smart tags
- Construction of lighting laboratory
- Replacing cooling towers with Adiabatic air cooler
- Magnesium ingots production
- Producing advance herbal medicines
- Producing liquid and powder sorbitol
- Producing titanium dental implant
- Optimization of personalized therapies for anticancer treatment by simulation
- Veterinary medicine producing
- Alginate dressings
- Bacillus poultry trivalent vaccine production plan
- Design of a 21-gene kit that determines the need for chemotherapy in breast cancer
- Initiation and Development of Anti CD19 CAR-T cell cancer cell therapy
- Use of allogeneic fibroblasts in the treatment of Epidermolysis bullosa (E.B)
- CTC microfilter to isolate cancer cells from peripheral blood circulation of cancer patients

Finalizing the below research projects:

- Hygienic Superabsorbent polymer
- Producing of 6 types of Catalysts
- Producing of hybrid electric bus
- Producing of 4 MW turbine engine
- Producing bioethanol from bagasse
- Producing of industrial detergent anzyme
- NBR (Nitrile Butadiene Rubber)

Cooperation with institutes and companies:

- Cooperation with Barekat (Pharmaceutical Group) to invest in Pharmaceutical industries as a JV
- Cooperation with UNIDO
- Cooperation with Bushehr Industry, mine and trade Organization in Marine Biotech Industries
- Cooperation with Royan Institute in Biotechnology industries.
- Collaborating with the Institute for Breast Cancer Research to implement biotech projects
- Collaboration with the Vice President of Science and Technology
- Trying to establish a bio-specialized company and remove legal restrictions



DEVELOPING UNDERDEVELOPED REGIONS

As a developmental organisation, IDRO is also a major contributor in developing Iran's underdeveloped regions. This task is carried out via investing in production units in such regions.

Esfarayan Industrial Complex

Located in the city of Esfarayen in North East of Iran, Esfarayan Industrial Complex (EICO) is one of IDRO's manufacturing plants specialized in the production of heavy casting and forging alloy steel parts. The main units of the complex which has a 60 thousand ton/annum capacity, are ingot, melting, press forging and continuous casting.

During the reporting period, this company produced 36,751 tons of alloy steel sections and 47,681 tons of ingot.



During the reporting financial period, this company was engaged in an expansion project that has the following features:

- Increasing melt capacity from 120 thousand tons/annum to 180 thousand tons/annum.
- Completing the heat treatment processes.
- Launching an Electro Slag Re-melting (ESR) system to produce high purity & clean industrial steels.
- Launching a heavy machine shop.
- Launching a continuous casting machine (CCM).
- Launching the Straightening & Peeling unit.

Furthermore, this expansion project requires investments amounting to EUR94 million and IRR374 billion. So far, this project has experienced a 83.6% physical progress. It is noteworthy that 140 jobs have been created as a result of implementing of this project.

Significant measures taken during the reporting period are as follows:

- Completing the heat treatment processes, Electro Slag Remelting (ESR) system, machine shop, QC and current melting unit.
- Completing Straightening & Peeling Unit.



Lule Gostar Esfarayan Company

This Company is the sole manufacturer of seamless steel tubes for the special drift 6" to 16" (casing, tubing, thermal treatment & coupling & process pipe lines) used by the oil and gas and petrochemical industries and other affiliated companies in the country and the region. The company's nominal capacity is 120,000 tons of seamless steel tubes per year and its products are being used at NIOC and other related companies.

To Produce Bioethanol Fuel from Cereals in Kermanshah

This project aims to produce 66 million litres/annum of bioethanol fuel which is a substitute of methyl tertiary-butyl ether (MTBE) which pollutes the atmosphere and underground waters. This complex also manufactures 66,000 tons/annum of distiller's dried grains with soluble (DDGS) as a by-product.

This project which requires EUR20.63 million and IRR1,998 billion of investment experienced a 63.23% progress at the close of the reporting financial period.

During the same period, engineering, purchasing and construction processes experienced 98.52%, 57.59% and 55.13% progresses, respectively.



To Produce Bioethanol Fuel from Cereals in Basht

Following the success of Kermanshah project, IDRO invested the Basht project as well. This project aims to produce 66 million litres/annum of bioethanol fuel which is a substitute of methyl tertiary-butyl ether (MTBE) which pollutes the atmosphere and underground waters. This complex also manufactures 66,000 tons/annum of distiller's dried grains with soluble (DDGS) as a by-product.



The project which requires EUR20.75 million and IRR2,811 billion of investment experienced a 6% progress at the close of the reporting financial period. Furthermore, 152 jobs will be created as a result of implementing of this project.

Significant measures taken during the reporting period are as follows:

- Defining the project and considering site location.
- Gathering tender documents and tendering.
- Signing a contract with the contractor and following up the pre-payment of the EPC contract.
- Updating the feasibility study and submitting it to Bank Sepah.

Tyre Industry

Demand for cars in Iran has been rapidly increasing in recent years and Iran's Auto Industry Strategy Statement forecasts that this trend is likely to continue for many years to come. Rising demand for cars is naturally followed by demand for tyres. Hence, the tyre industry in Iran is likely to gain more importance in the future.

By setting up tyre manufacturing plants in some of Iran's underdeveloped regions, IDRO carries out two tasks: first, investing in the tyre industry; and second, contributing to the development of Iran's underdeveloped regions.

To Manufacture Tyres in Sistan and Baluchestan Province

IDRO plans to setup a tyre manufacturing plant in the Sistan and Baluchestan Province, in Zabol (Ramshar Industrial Zone), creating 500 jobs and making major contributions to the local economy.

This plant which shall have a 20 thousand ton/annum capacity of OTR-BTR tyres, requires USD36 million and IRR2,068 billion of investment. This project has so far a 0.8% physical progressed.

Significant measures taken during the reporting period are as follows:

- Completing studies and following up project implementation which has a 20 thousand ton capacity per annum.
- List of machinery for 1 and 2 production line calculation as tender document
- OTR production line facility buying re-tendering.



To Manufacture Tyres in Lorestan Province

Located in Khorram Abad Industrial Town, this plant shall manufacture 50,000 tons of tyres annually, and is expected to create 1,340 jobs. IDRO's share is 19%.

So far, initial measures such as obtaining water, electricity, and gas, as well as conducting surveys have been carried out. It is noteworthy that the project investment amounts to USD229 million and IRR3,140 billion. The physical progress of this project is 16.5%.





To Manufacture Tyres in Kordestan Province

This project aims to manufacture 35,000 tons of light and 15,000 tons of heavy tyres on an annual basis and is expected to create 1,340 jobs. IDRO's share in this project is 19%. Total investments in this project amount to EUR163 million and IRR4,624 billion.



To Manufacture Fibre Glass

As there are currently no major fibre glass manufacturers in Iran, IDRO aims to launch a local fibre glass factory with a 30,000 ton/annum capacity. The main idea is to meet the domestic demand and to reduce the imports of this product. This plant is expected to create 215 jobs. Required investment amounted to CNY 683 million and IRR2,576 billion and the project experienced a physical progress of 6.25% during the reporting fiscal period. In addition, a CNY683 million contract was also signed with a Chinese consortium.



To Manufacture Stone Paper

Stone paper which is manufactured from calcium carbonate, is a durable, water resistant, recyclable paper like product and is a substitute for the traditional cellulose paper.

IDRO is engaged in a project that manufactures paper stone with thicknesses ranging from 0.04mm to 1mm.

Production capacity of this project which shall create 200 jobs, is 20,000 tons/annum. This project requires USD12.3 million and IRR369 Billion of investment.

Significant measures taken during the reporting period are as follows:

- FS study
- Starting executive operation
- Negotiation with companies to project implementation



Jask And Gwadar

Export - Oriented Production

This project aims to create and develop export oriented production units located on Jask and Sirik of the Hormozgan province and Chabahar and Konarak of Sistan and Baluchestan province. Some of the main objectives of this project include: stable job creation, boosting economic prosperity, increasing regional population, creating added value by taking advantage of local potentials with an investment of EUR33.5 million¹ which shall be increased to EUR125.8 million².



Shipbuilding

Following the technical specification and feasibility study report approved by Iran Fisheries Organisation, a fishing support vessel contract was signed to develop Iran's fishery fleets. This project which experienced a 90% physical progress at the end of the reporting period requires EUR3 million³ of investment.

Fishing support vessels supply fuel, ice, food and drinking water for vessels and transfer fish to the shore.

This project created 20 job opportunities and has so far a 90% physical progress.

Significant measures taken during the reporting period are as follows:

- 98% progress in engineering
- 91% progress in purchasing
- 87% progress in construction



1. Total amount of investment has been IRR1,600 billion which was exchanged according to the Central Bank rate by Iranian fiscal year ended March 20th 2019

2. Total amount of investment has been IRR6,000 billion which was exchanged according to the Central Bank rate by Iranian fiscal year ended March 20th 2019

3. Total amount of investment has been IRR145 billion which was exchanged according to the Central Bank rate by Iranian fiscal year ended March 20th 2019.



Establishing Production Complexes

Investments are to be made in 30 projects in the Sistan and Baluchestan (Chabahar, Konarak) and Hormozgan (Jask, Sirik) provinces in southern Iran. These projects are focused on fisheries, food industries, agriculture, etc.

EUR18.4 million¹ of investments has been referred to the agent banks. 6 projects have been utilized with an investment of EUR13.4 million² and 217 job opportunities have been created, 9 projects worth EUR38.5 million³ covering Jask to Gwadar which shall create 505 jobs are under implementation, and 5 projects with investments of EUR21.3 million⁴, creating 236 jobs are at bank credit stage, 6 projects are at their early stages and 4 projects have been defined.

Approved Utilized Projects:

- Manufacturing metal profiles
- Processing and packaging of fish & shrimp
- Sea water desalination
- Manufacturing fish powder
- Manufacturing non-alcoholic beer & fruit essence
- Producing fishing nets

Producing Fish Powder and Oil

Fish oil and fish powder are products to be used for feeding cattle, poultry and fish. Combining fish powder and oil has significantly increases fish farming production and has helped reduce costs.

This project which has been implemented in Sistan and Baluchestan province, requires EUR0.8 million⁵ of investment and reached an 100% physical progress in the period under review. Furthermore, this project aims to produce 3,500 tons/annum of fish powder and 245 tons/annum of fish oil.



Significant measures taken during the reporting period are as follows:

- Equipment installation.
- Completing the foundation of machinery.
- Completing the logistics building of the expansion project
- Project utilization.

1. Total amount of investment has been IRR880 billion which was exchanged according to the Central Bank rate by Iranian fiscal year ended March 20th 2019.

2. Total amount of investment has been IRR637 billion which was exchanged according to the Central Bank rate by Iranian fiscal year ended March 20th 2019.

3. Total amount of investment has been IRR1,837 billion which was exchanged according to the Central Bank rate by Iranian fiscal year ended March 20th 2019.

4. Total amount of investment has been IRR1,015 billion which was exchanged according to the Central Bank rate by Iranian fiscal year ended March 20th 2019.

5. Total amount of investment has been IRR40 billion which was exchanged according to the Central Bank rate by Iranian fiscal year ended March 20th 2019.



Producing Non-Alcoholic Beer & Fruit Essence

With the production capacity of 18 thousand litres/annum non-alcoholic beer, this project requires EUR2.7 million¹ and reached a 100% physical progress at the end of the reporting period and was utilized, creating 45 jobs in the Sistan and Baluchestan province.



Producing Fishing Nets

Producing fishing nets from high resistant polyamide fibre 6, this project has created 27 job opportunities in the Sistan and Baluchestan province during the reporting period. With investments of EUR2.7 million², this project which has been launched, has a capacity of 700 tons of fishing nets per annum.



Ongoing Projects:

- Expanding the industrial unit manufacturing polyethylene reservoirs
- Product development & capacity increase of Sahel-e-Seide-e-Konarak Company.
- Chromite concentrate production.
- Producing metal cans & easy opening lids.
- Tea processing & packaging.
- Fishing support vessels production.
- Constructing a food packaging Unit.
- Constructing a rice processing & packaging unit.

1. Total amount of investment have been IRR128 billion which was exchanged according to the Central Bank rate by Iranian fiscal year ended March 20th 2019.

2. Total amount of investment have been IRR128 billion which was exchanged according to the Central Bank rate by Iranian fiscal year ended March 20th 2019.



Introducing Some of Ongoing Projects: Manufacturing Polyethylene Tanks

Due to the ineffectiveness of metal and glass in storing and maintaining corrosive chemicals, whether liquid or powder, polyethylene tanks can be used to as a suitable alternative. The project which aims to produce 1,000 tons/annum of polyethylene tanks, has created 8 jobs and has experienced a 95% physical progress. Buying machineries and building were completed during reported period.

Expanding the Capacities of Sahel Seid Konarak Company

This project aims to increase the production capacity and boost product variety (tinned tuna fish and sardines) of Konarak, located in the Sistan and Baluchestan Province by 22 thousand tons/annum to reach 32 thousand tons/annum.

The amount of EUR11.6 million¹ of investment is required by this project which shall create 315 jobs. This project has experienced a 35% physical progress and in the reporting period, cold storage facilities with 2,500 ton capacities

Food Packaging

The aim of the project is packing 2,550 tons of nuts, 3,000 tons of tea and 2,000 tons of spice on an annual basis.

The amount of EUR1.6 million⁴ of investment is required by this project which has a 7,550 annum/ton production capacity and shall create 15 jobs. In the reporting period this project experienced a 10% physical progress.

Significant measures taken during the reporting period are as follows:

- Staring the construction operations of a shed, lab and product warehouses.
- Signing an agreement with the building constructor.

requiring investments amounting to EUR0.84 million², which create 40 jobs were utilised.

Producing Chromite Concentrate

The aim of the project is producing chromite concentrate Chabahar mine tailings in the Sistan and Baluchestan province, and increasing its grade from 41% up to 48%. This product is to be supplied to both to the domestic and the Chinese markets.

The amount of EUR4.8 million³ of investment is required by this project which has a75,000 ton/annum production capacity. This project which has created 31 jobs experienced a 31% physical progress during the reporting period.

Significant measures taken during the reporting period are as follows:

- Excavating site area.
- Block working.
- Completing the power lines.
- Security building construction.
- Preparing weighbridge location.
- Completing the power building.



1. Total amount of investment has been IRR553.7 billion which was exchanged according to the Central Bank rate by Iranian fiscal year ended March 20th 2019.

2. Total amount of investment has been IRR40 billion which was exchanged according to the Central Bank rate by Iranian fiscal year ended March 20th 2019.

3. Total amount of investment has been IRR230 billion which was exchanged according to the Central Bank rate by Iranian fiscal year ended March 20th 2019.

4. Total amount of investment has been IRR75 billion which was exchanged according to the Central Bank rate by Iranian fiscal year ended March 20th 2019.

Rice Processing & Packaging

This project which is located in the Sistan and Baluchestan province, town of Chabahar, has an annual capacity of 26,000 tons/annum for processing and packaging domestic and foreign rice.

The amount of EUR1.3 million¹ of investment is required by this project which shall create 34 jobs. In the reporting period this project experienced a 30% physical progress. During this period, building and facilities were completed and a contract for purchasing machinery was signed.



¹. Total amount of investment has been IRR61 billion which was exchanged according the Central Bank rate by Iranian fiscal year ended March 20th 2019.

SPECIAL ECONOMIC REGIONS AND RESEARCH CENTRES

Garmsar Special Economic Zone

IDRO has been given the task of establishing Garmsar Special Economic Zone. This zone is located 90 km from Tehran, between the cities of Tehran and Garmsar, in a 2,000 hectare land in four sites as follow:

1. Site 1: 249 hectares
2. Site 2: 252 hectares
3. Site 3: 509 hectares
4. Site 4: 1010 hectares

So far, 20 hectares of land worth EUR3.6 million¹ has been sold to several industrial units. Requiring EUR28.7 million² of investment for Site 1, this project has experienced a 35.5% physical progress and has created 1,350 job opportunities.

The most important measures taken during the reporting period:

- Construction of the main road which is more than 10 km long.
- Supplying drinking water.
- Following up water supply for the zone.
- Completing domestic gas distribution network and TBS station.
- Completing the domestic water distribution network.
- Supplying MW 6 of power (increasable up to MW10).
- Establishing the Islamic Republic of Iran Customs Administration.



Jahrom Special Economic Zone

IDRO has also been assigned with the task of developing the Jahrom Special Economic Zone by the Cabinet. This zone is located between the cities of Shiraz and Jahrom, in a plot of land measuring 341 hectares. So far, preliminary measures such as road building and power and water supply, for constructing this zone in a plot of land measuring 73.4 hectares in the first phase and 267.6 hectares in the second phase, have been carried out.

This site shall entail industrial, trading, office, leisure facilities, warehouses as well as green spaces. Requiring EUR18.6 million³ of investment, this zone has experienced a 48.2% physical progress.

1. Total amount of investment has been IRR170 billion which was exchanged according to Central Bank rate by Iranian fiscal year ended March 20th 2019.

2. Total amount of investment has been IRR1,370 billion which was exchanged according to the Central Bank rate by Iranian fiscal year ended March 20th 2019.

3. Total amount of investment has been IRR887 billion which was exchanged according to the Central Bank rate by Iranian fiscal year ended March 20th 2019.

Some of the measures taken during the reporting period include constructing the main roads of phase one, launching a water distribution network, wastewater and fire station.



Kavosh Research Town (KRT)

IDRO has constructed KRT, which is located in the Tehran-Qazvin motorway (approximately 60 kilometres west of Tehran). KRT is to serve as a technological and support centre of R&D units of various industries and aims to create synergy in applied scientific activities.

KRT's operations start from ideas and end at marketing. These operations aim at creating and commercialising hi-technologies and their products. Furthermore, KRT intends to invite research centres and knowledge enterprises to operate in this 100 hectare zone in five sites which are stated below:

1. Site 1: 8.5 hectares
2. Site 2: 5.4 hectares
3. Site 3: 3.5 hectares

4. Site 4: 2.8 hectares
5. Site 5 (special site): 1.2 hectares

Some of the Measures Taken during the Reporting Period are:

- Workshops have been designed and constructed which include 14 industrial sheds measuring 200 m² each (more than 70% progress).
- Studies were carried out to prepare an executive plan containing a gas network and a gas transfer line and TBS station.
- Designing the innovation and technological ecosystem substructures.
- Designing the substructures of site 1.
- Designing the entrance gate complex.
- Constructing the green space and landscape.





Companies Renovation

In order for our companies to retain their competitive edge and to remain up-to-date, IDRO constantly renovates and upgrades its subsidiaries. During this fiscal year, Baluch Industries Development was IDRO's target for renovation. This included renovating the spinning line, launching a cloth- weaving line and renovating a dyeing hall.

As one of the biggest domestic textile companies, Baluch Industries Development which is located 5km from Iranshahr-Bampur (approximately 2,015 km from Tehran and 370 km from the city of Zahedan), commenced its operations in 1984-85. However, unfortunately, due to a fire breakout in 2008-2009, the spinning hall was completely destroyed. However, IDRO renovated this company in 2015.

Renovating a Spinning Line

The amount of EUR5.6 million and IRR300 billion of investment is required to renovate this spinning line, which is fully owned by IDRO. So far, this renovation project has experienced a 70.1% physical progress. The Company aims to produce 15 tons/day of string when it is fully renovated and to create 120 new job opportunities. Some of the main measures taken during the reporting period, in reference with this project are stated below:

- Extending the project schedule.
- Continuing building, electricity, mechanical and facility, civil and architecture executive operations to a build new spinning factory.



Establishing a Cloth- Weaving Line

The amount of EUR8.5 million and IRR480 billion of investment is required to establish this new line, which is fully owned by IDRO. So far, this project has experienced a 2% physical progress. The Company aims to produce 24 million square meters of cloth annually and to create 120 new job opportunities. In addition, a EUR8.5 million agreement has been signed to buy machineries and an EPC contract will be signed in the future.

Dyeing Hall Renovation

Baluch Industries Development Company is currently renovating its dyeing, repairing production line machines in order to enhance product quality and boost production capacity (which includes printing, dyeing and production of fabrics) for up to 200 thousand square meters/ month and it is planned to reach 500 thousand square meters per month.

This project requires EUR0.5 million¹ and creates 150 jobs and has experienced a 95 % physical progress.

1. Total amount of investment has been IRR25 billion which was exchanged according to the Central Bank rate by Iranian fiscal year ended March 20th 2019.

PART III

FINANCIAL STATEMENTS





IDRO CORPORATION

STATEMENT OF FINANCIAL POSITION

ASSETS	Mar.20,2019	Mar.20,2019	Mar.20,2018
	Thousand of EUR	Millions of IRR	Millions of IRR
Current assets:			
Cash	148,833	7,093,097	6,865,057
Accounts & notes receivable	1,071,362	51,058,987	50,240,258
Advance payments	6,725	320,492	310,191
Other current assets	3,510	167,263	201,263
Total current assets	1,230,430	58,639,839	57,616,769
Non- current assets:			
Long term receivables	25,636	1,221,776	1,476,315
Long term investments	198,726	9,470,861	8,607,131
Property, plant and equipment	22,821	1,087,580	712,198
Other assets	71,868	3,425,074	3,953,942
Total non- current assets	319,050	15,205,291	14,749,586
TOTAL ASSETS	1,549,480	73,845,130	72,366,355

General comment:

Exchange rate for items in financial statements is IRR47,658 (previous year: IRR46,249), per EUR at balance sheet date. Please note that, property, plant and equipment stated in the balance sheet are based on costs at a date which during previous periods were earned at exchange rates mainly lower than the rate of balance sheet date. Therefore, the above EUR amounts do not necessarily reflect present value of property, plant and equipment.



IDRO CORPORATION

STATEMENT OF FINANCIAL POSITION

LIABILITIES & SHAREHOLDERS' EQUITY	Mar.20,2019	Mar.20,2019	Mar.20,2018
	Thousand of EUR	Millions of IRR	Millions of IRR
Current liabilities:			
Accounts payable	326,209	15,546,454	15,850,931
Payable tax	6,902	328,930	666,668
Short term loans	7,469	355,976	355,976
Received in advance	4,322	205,994	89,268
Total current liabilities	344,902	16,437,354	16,962,843
Non- current liabilities:			
Accounts & notes payable	44,770	2,133,669	2,133,666
Provision for staff termination benefits	3,411	162,569	135,988
Total non-current liabilities	48,182	2,296,238	2,269,654
Shareholders' equity:			
Capital stock (17 billion shares, par value of IRR1,000)	356,708	17,000,000	17,000,000
Legal reserve	35,671	1,700,000	1,700,000
Other reserves	412,371	19,652,797	19,660,386
Government grants	50,642	2,413,482	2,413,482
Retained earnings	301,004	14,345,259	12,359,990
Total shareholders' equity	1,156,396	55,111,538	53,133,858
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	1,549,480	73,845,130	72,366,355



IDRO CORPORATION

STATEMENT OF PROFIT OR LOSS

	Mar.20,2019	Mar.20,2019	Mar.20,2018
	Thousand of EUR	Millions of IRR	Millions of IRR
Received dividends	1,070	51,010	281,164
Profit (loss) from sale of investments	(76)	(3,603)	0
Other revenues	3,376	160,885	191,905
Total revenues	4,370	208,292	473,069
General and administrative expenses	(14,275)	(680,307)	(567,919)
Other operating revenues	4,325	206,081	235,537
Operating income (loss)	(5,580)	(265,934)	140,687
Other non-operating revenues	54,142	2,580,325	4,412,219
Income before tax	48,562	2,314,391	4,552,906
Tax	(6,906)	(329,122)	(666,688)
Net income	41,656	1,985,269	3,886,218
Retained earnings at beginning	263,040	12,535,942	8,715,179
Prior periods adjustments	(3,692)	(175,952)	(241,407)
Adjusted beginning retained earnings	259,348	12,359,990	8,473,772
Income available for appropriation	301,004	14,345,259	12,359,990
RETAINED EARNINGS AT YEAR END	301,004	14,345,259	12,359,990



IDRO CORPORATION

STATEMENT OF CASH FLOWS

	Mar.20,2019	Mar.20,2019	Mar.20,2018
	Thousand of EUR	Millions of IRR	Millions of IRR
Cash Flows From Operating Activities:			
Operating income (loss)	(5,580)	(265,934)	140,687
Depreciation and amortization of tangible & intangible assets	115	5,465	7,685
Increase in termination payment provision	558	26,581	15,692
(Increase) in accounts & notes receivable	(11,125)	(530,190)	(4,635,094)
Decrease (increase) in advance payments	(216)	(10,301)	(43,636)
Increase (decrease) in accounts & notes payable	(13,475)	(642,212)	2,507,842
Increase (decrease) in advance received	2,449	116,726	(17,988)
Other non- operating income	15,175	723,191	1,823,164
Net Cash Flows Used In Operating Activities	(12,100)	(576,674)	(201,648)
Interest received on bank deposits	16,334	778,436	917,191
Net Cash Generated From ROI & Interest Paid	16,334	778,436	917,191
Income Tax Paid	0	0	0
Cash Flows From Investing Activities:			
Investment made during the year	(18,124)	(863,730)	(171,733)
Purchase of tangible fixed assets	(7,991)	(380,847)	(329,073)
Decrease in other assets	11,097	528,868	837,405
Net Cash Flows Generated From (Used In) Investing Activities	(15,018)	(715,709)	336,599
Cash Flows From Financing Activities:			
Repayment of loans	0	0	(56,526)
Net Cash Flows Used In Financing Activities	0	0	(56,526)
Net increase (decrease) in cash	(10,784)	(513,947)	995,616
Cash at beginning of the year	144,048	6,865,057	4,455,305
Currency rate fluctuation	15,569	741,987	1,414,136
CASH AT YEAR END	148,833	7,093,097	6,865,057



IDRO GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Mar.20,2019	Mar.20,2019	Mar.20,2018
	Thousand of EUR	Millions of IRR	Millions of IRR
Current assets:			
Cash	182,181	8,682,370	9,056,906
Short- term investments & deposits	1,011	48,175	46,996
Accounts & notes receivable	1,319,298	62,875,117	57,629,377
Inventories	264,541	12,607,484	11,746,980
Advance payments	116,959	5,574,034	6,925,092
Other current assets	7,476	356,285	387,695
Total current assets	1,891,466	90,143,465	85,793,046
Non- current assets:			
Long- term receivables	26,568	1,266,157	1,515,019
Long- term investments	35,918	1,711,803	1,717,242
Consolidation goodwill	5,263	250,807	273,650
Property, plant and equipment	482,513	22,995,596	15,859,422
Other assets	76,676	3,654,247	4,208,936
Total non- current assets	626,938	29,878,610	23,574,269
TOTAL ASSETS	2,518,404	120,022,075	109,367,315

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

LIABILITIES AND SHAREHOLDERS' EQUITY	Mar.20,2019	Mar.20,2019	Mar.20,2018
	Thousand of EUR	Millions of IRR	Millions of IRR
Current liabilities:			
Accounts & notes payable	1,121,092	53,428,991	46,980,339
Payable Tax	7,123	339,445	929,830
Short- term loans	46,117	2,197,840	2,008,313
Received in advance	51,283	2,444,060	4,995,743
Total current liabilities	1,225,615	58,410,336	54,914,225
Non- current liabilities:			
Accounts & notes payable	47,497	2,263,628	2,272,363
Long term loans	240,132	11,444,189	6,275,793
Provision for staff termination benefits	23,341	1,112,379	912,782
Total non- current liabilities	310,970	14,820,196	9,460,938
Shareholders' equity:			
Capital stock (17 billion shares, Par value of IRR1,000)	356,708	17,000,000	17,000,000
Legal reserve	36,560	1,742,353	1,731,091
Other reserves	412,411	19,654,704	19,660,637
Government grants	50,642	2,413,482	2,413,482
Retained earnings	125,500	5,981,068	4,186,897
Minority interests	(1)	(64)	45
Total shareholders' equity	981,819	46,791,543	44,992,152
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	2,518,404	120,022,075	109,367,315



IDRO Group

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Mar.20,2019	Mar.20,2019	Mar.20,2018
	Thousand of EUR	Millions of IRR	Millions of IRR
Net sales	333,639	15,900,573	14,916,243
Cost of sales	(309,628)	(14,756,262)	(13,810,432)
Gross Profit	24,011	1,144,311	1,105,811
Income from sale of investments and dividends	618	29,457	112,695
Selling, general and administrative expenses	(34,248)	(1,632,210)	(1,343,427)
Other operating income (expenses)	(685)	(32,641)	(2,640,920)
Operating Income (loss)	(10,304)	(491,083)	(2,765,841)
Financial expenses	(5,910)	(281,666)	(292,078)
Net other non-operating Income	61,287	2,920,836	4,911,768
Income before taxes	45,073	2,148,087	1,853,849
Tax	(7,119)	(339,257)	(788,938)
NET INCOME BEFORE MINORITY INTEREST	37,954	1,808,830	1,064,911
Minority interest	1	58	(292)

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Retained earnings:	Mar.20,2019	Mar.20,2019	Mar.20,2018
	Thousand of EUR	Millions of IRR	Millions of IRR
Net income	37,954	1,808,830	1,064,911
Beginning balance	98,912	4,713,955	8,332,683
Prior periods adjustments	(11,071)	(527,616)	(5,179,882)
Profit available for appropriation	125,796	5,995,169	4,217,712
Appropriations :			
Transfer to legal reserve	(236)	(11,262)	(4,121)
Budget Law deductions	(74)	(3,508)	(27,252)
Total appropriations	(310)	(14,770)	(31,373)
RETAINED EARNINGS AT YEAR END	125,486	5,980,399	4,186,339
RETAINED EARNINGS AT YEAR END- Minority interest	(14)	(669)	(558)
RETAINED EARNINGS AT YEAR END-Parent company	125,500	5,981,068	4,186,897



IDRO Group

CONSOLIDATED STATEMENT OF CASH FLOWS

	Mar.20,2019	Mar.20,2019	Mar.20,2018
	Thousand of EUR	Millions of IRR	Millions of IRR
Cash Flows From Operating Activities:			
Operating income (loss)	(10,304)	(491,083)	(2,765,841)
Depreciation of fix assets	7,545	359,602	339,778
Amortization of goodwill	479	22,843	22,843
Increase in termination payment provision	4,188	199,597	155,044
(Increase) in trade accounts & notes receivable	(104,849)	(4,996,878)	(4,915,551)
(Increase) in inventories	(17,397)	(829,094)	(13,498)
Decrease (increase) in advance payments & letters of credit	28,349	1,351,058	(1,603,368)
Increase in trade accounts & notes payable	130,346	6,212,019	11,995,217
(Decrease) in received in advance	(53,542)	(2,551,683)	(2,290,255)
Other non-operating income	18,035	859,507	929,542
Net Cash Flows Generated From Operating Activities	2,851	135,888	1,853,911
Return on Investments & Interest Paid:			
Interest received on bank deposits& investments	19,002	905,600	1,303,959
Interest paid for loans	(5,539)	(263,954)	(191,010)
Net Cash Flows From ROI & Interest Paid	13,464	641,646	1,112,949
Tax Paid	(19,419)	(925,468)	(255,861)
Cash Flows From Investing Activities :			
Purchase of fixed assets	(46,465)	(2,214,445)	(2,215,644)
Investment matured (made) during the year	89	4,260	(25,772)
Net cash generated from fixed assets	58	2,770	23,367
Decreased (increased) in other assets	11,639	554,689	822,951
Net Cash Flows Used In Investing Activities	(34,679)	(1,652,726)	(1,395,098)
Cash Flows From Financing Activities :			
Loans received	25,910	1,234,817	1,171,556
Repayment of loans	(12,548)	(598,014)	(438,000)
Net Cash Flows Generated From Financing Activities	13,362	636,803	733,556
Net increase (decrease) in cash	(24,421)	(1,163,857)	2,049,457
Cash at beginning of the year	190,040	9,056,906	5,671,664
Currency rate fluctuation	16,562	789,321	1,335,785
CASH AT YEAR END	182,181	8,682,370	9,056,906