



Iran Power Plant Investment Company

SANA

ANNUAL REPORT 2015-2016

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HIGHLIGHTS (Consolidated Results)

	Long-term Financial Facilities IRR million	Total Liabilities IRR million	Return on Assets percent
19 March 2016	2,206,084	13,935,438	9.5
20 March 2015	3,055,628	12,756,051	12.2

	Operating Income IRR million	Net Profit IRR million	Earnings Per Share (EPS) IRR million
19 March 2016	2,758,797	1,205,472	297
20 March 2015	3,496,066	2,950,253	1,081

MAJOR ACHIEVEMENTS

Some of our major achievements during the reporting financial period are stated below:

- Obtaining a license to build four 25 MW wind farms.
- Engaging in an agreement to construct wind farms with a German company.
- Obtaining first ranking in terms of sales returns in the energy sector among Iran's top 500 companies (IMI-100).
- Becoming the top investment company in two consecutive years at the National Productivity Competition

- The Iranian fiscal year ends on March 19th
- The rate of exchange was \$1 / IRR30,240 at the end of the period.

CEO'S STATEMENT



During the previous year, hopes on Iran's economic situation were raised. The Islamic Republic of Iran has throughout history been the centre of trade and has enjoyed the most promising geographic position for economic growth and development. The lifting of unfair sanctions against Iran shall bring about the development for business environment and prosperity. This is a path which whilst observing our political and economic autonomy and integrity, is expected to lead to job creation, development of infrastructures as well as welfare for our beloved countrymen.

Economic Environment of Electric Power in Iran

The main challenges facing power producers in Iran remain to be: inability to collect claims in time, one-sided changes in power purchase agreements (PPA), uncompetitive power market situation as well as the failure of the Government to honour its commitments.

During the reporting period, following the efforts of the Ministry of Power, some challenges were overcome, the result of which is that a portion of our claims were settled against receiving Islamic bonds.

Although the high trading costs of power generation in Iran remains to be one of the main hindrances in attracting foreign investors, yet obtaining foreign finance shall create the basis for the development of this sector in the years to come. In addition, the efforts of policymakers along with the increasing importance of electrical power as a strategic commodity and the considerable growth in consumption, make this sector attractive to investors.

Sustainable Growth & Superiority

At SANA- Iran Power Plant Investment Company, sustainable growth and superiority are the basis for key decision makings at all levels including staff, operational and logistics. Hence, recruitment process, human resource development and selection of construction and expansion projects as well as installing management systems are the basis for ensuring sustainable compatibility. As a result, we avoid becoming involved in projects or affairs which only have short-term benefits and are not necessarily in line with our vision.

In order to achieve the aforementioned sustainable growth and compatibility, we have launched an effective risk management system, where obstacles and threats are identified. So far, in reaching the above goals, we have carried out numerous measures such as converting our power plants into combined cycle power plants, developing our infrastructure based on information technology, entering into renewable energy sector, applying knowledge management and introducing logistics and operations solutions.

Corporate Governance & Parenting Strategy

Having carried out extensive studies and research projects, we have adopted Functional Manager Approach as the model in work processes and relations with the subsidiaries. Needless to mention that Iran's Commercial Code and the Securities & Exchange Organisation require that the corporate governance should be applied in view of the above model. Fortunately, our efforts in this regard have had a positive outcome. Thus, whilst sustaining our agility and high levels of transparency, we have achieved one of the top rates of productivity compared to other similar companies in Iran within the previous two years.

Financial Performance

During the reporting financial period, our declared profit fell due to the termination of Aliabad Power Plant's PPA and foreign currency fluctuations. Although this situation shall change once Khoramabad Power Plant is launched, we would like to draw the attention of our shareholders to the negative impacts of foreign exchange rates on distributing dividends. Our financial performance shall improve immensely when Khoramabad Power Plant, steam units of Aliabad Power Plant and expansion projects are launched. It is noteworthy that although SANA has long fulfilled the criteria for being listed in Iran's first market of stock exchange, yet moving from Base Market of Iran Fara Bourse (OTC) is upon shareholder of record decision.

Improving Strategic Objectives

Converting the power plants into combined cycle, is among our strategic objectives and priorities. Hence, we have signed the contract for converting Khoramabad Power Plant into combined cycle. In this context, we have pursued the financing stages and a new L/C is expected to be opened for this project in the near future. The contract for expanding the steam unit of Aliabad Power Plant has also been finalized and the financing stages are being followed up with the Bank of Industry & Mines.

Other strategic objectives of this company include entering into renewable energy sector. In this regard, we have obtained a permit from the Renewable Energy Organisation of Iran (SUNA) for constructing a 100mw wind farm and this project shall be launched within four different sites throughout Iran. Fortunately, we have signed an agreement with a foreign investor in this sector and since this joint-venture agreement has been finalised, we can expect the establishment of a joint-venture company for at least one of these wind farms in the near future.

Furthermore, in order to ensure achieving sustainable success, we have adopted the policy of developing our sales and management infrastructures.

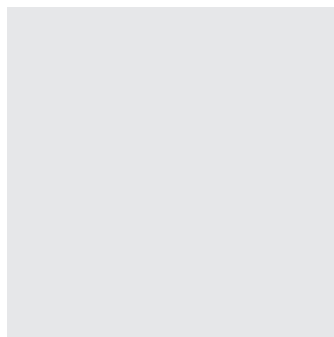
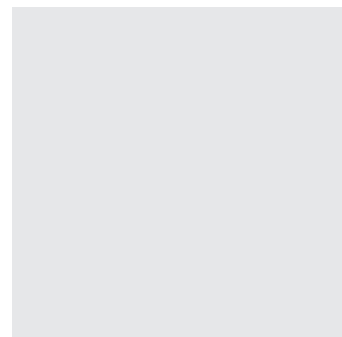
Conclusion

Investment in power generation sector seems viable and low risk. This is due to the fact that Iran is moving towards industrial development and ever increasing demand for electrical power. Productivity has always been considered as what sets us apart from our competitors and I am pleased to announce that during the reporting period, SANA was commended at the National Productivity Festival for its outstanding performance. Furthermore, SANA's adequate position among Iran's top 500 companies and its top ranking in terms of sales returns in the energy sector reflects upon its exceptional performance.

We believe that our human resources are our most valuable asset and all our accomplishments are the result of performance of our worthy colleagues in all units. Hence, the Board of Directors would like to thank our employees for their empathy, efforts and honesty. Our efforts and accomplishments have been in line with notified policies of SANA's growth and excellence during the past year. We hope that we have earned the satisfaction of our esteemed shareholders in this regard. We shall continue to maximise value for our shareholders and society and to follow SANA's greater objectives. I would personally like to express my gratitude to the Board of Directors for its guidance and active participation in decision-making. I would also like to thank our dear shareholders for their support which has led to SANA's adequate performance and I look forward to the Company's prosperity and excellence.


Mohammad Reza Eslamian

BOARD MEMBERS



BACKGROUND

Established in 2004-05, Iran Power Plant Investment Company (SANA) is a holding company specialised in investing power generation industry.

With over ten years of invaluable experience SANA has been successful in launching and maintaining power plants and in becoming one of the major power suppliers in Iran.

This company has already emerged as one of key investors and has made positive contributions towards developing Iran's power generation industry.



شرکت سرمایه‌گذاری نیروگاهی ایران
(سهامی عام)



SANA's main scope of activities Include: conducting feasibility studies, investing, operating and developing industries relating to power generation, carrying out engineering operations for constructing power plants, offering power industrial consulting services, entering into partnerships with domestic and foreign firms, preparing for listing, acceptance and sale of shares of investor companies on Tehran Stock Exchange (TSE), as well as offering technical, financial, management, consulting, and system design and marketing services to related companies to facilitate and promote their efficiency in new investment and development projects.

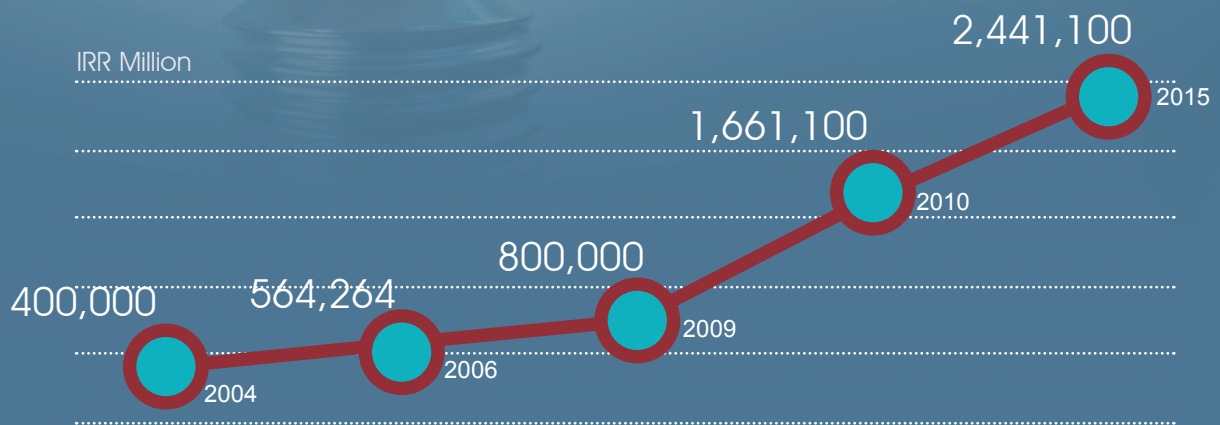
As a holding company, SANA has a number of subsidiaries:

- Azarakhsh Power Generation Company
- Khoramabad Power Generation Company
- Zagros Power Generation Company
- SANA Operation & Maintenance Company (O&M)



CAPITAL

SANA was established with an initial capital amounting to IRR400 billion. However, the mentioned capital has been increased on several occasions since then. Today, the capital of this company stands at IRR2,441 billion. The following chart demonstrates our capital gain trend in the past decade.



VALUES

- Fully observing organisational and self-discipline in all aspects.
- Respecting ethical principles and human dignity (professional conduct and proper organisational behaviour).
- Promoting collective wisdom, synergy and individuals' participation in activities.
- Focusing on development and being a learning organisation.
- Safeguarding the interests of stakeholders.
- Protecting and preserving the environment.

MISSION

- To be an investor in production and supply of electric power across country and in relevant economic and commercial activities.
- To draw upon an economic rationale and rely on our efficient human capital, to seek stable and reliable profitability for our shareholders and to pursue value creation for customers and society at large.
- To contribute towards Iran's economic and industrial development and to place clean and cheap energy at people's disposal.

VISION

- To achieve a status as one of the top companies in the power generation industry in terms of turnover by achieving a minimum capacity of 5,000 mw within next 5 years.
- To have motivated, creative, expert and responsible personnel and to be a learning and agile organisation by using modern management approaches and integrated ICT infrastructure.

SHAREHOLDERS

Our shareholders are essentially large and reputable companies with strong financial backing. The following table demonstrates the composition of our shareholders.

	No. of Shares	Percent of Shares
Saba Energy & Electricity Industries Co. (Private J.S)	1,404,974,660	57.55
Mapna Group Co. (Public J.S)	428,992,216	17.57
Tose-e Melli Group Investment Co. (Public J.S)	365,040,778	14.95
Shahed Investment Co. (Public J.S)	85,086,831	3.49
Sina Investment & Financial Holding Co. (Private J.S)	47,015,676	1.93
Omid Investment Management Group Co. (Private J.S)	29,832,237	1.22
Sobhan Investment Co. (Public J.S)	11,932,895	0.49
Bou Ali Investment Co. (Public J.S)	9,976,547	0.41
Other Shareholders	58,248,160	2.39
Total	2,441,100,000	100.00

PART I PERFORMANCE





HUMAN RESOURCE DEVELOPMENT

At SANA, we firmly believe that human resources are the most important asset and that they play a vital role in the stability and success of the organisation. Hence, when it comes to development, we place our personnel on top of our agenda and we dedicate much of our time and resources to their development.

During the reporting financial period, we carried out the following measures in order to further develop our human resources.

Enhancing Employee Job Satisfaction

In order to boost employee job satisfaction, we aim to improve the welfare of our staff and their working environment.

Documenting Human Resource Management Processes

Our human resource management processes were revised to improve processes and to achieve job satisfaction.

Improving Human Resource Performance Management System

We have revised and adjusted our existing human resource performance management system, in which we have now included 360° assessment and leadership factors to management performance. The main idea of revising this system is to further improve our capability to better assess the performance of our employees. This should eventually enhance our productivity as an organisation.

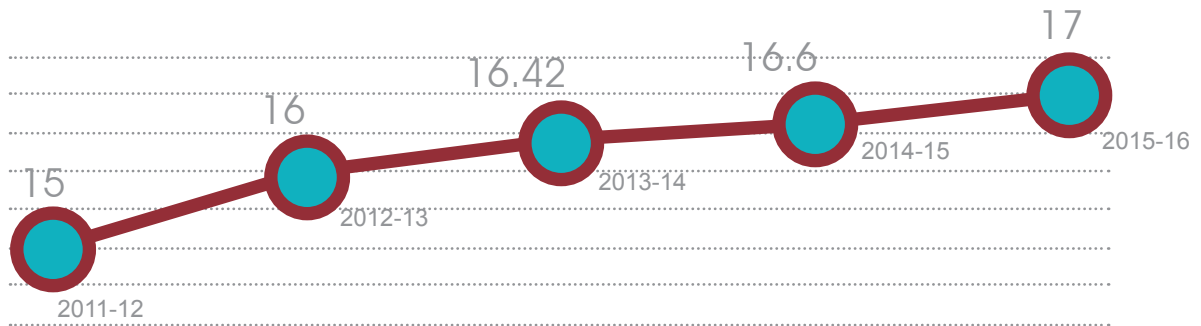
Increasing Training Programs

In order to ensure human resource development, we constantly train our staff and keep them up-to-date with the latest developments relating to their field of expertise. During the reporting financial period, we assessed the extent to which our employees require training and drafted an annual training timetable for them accordingly. Furthermore, 733 hours of training were provided to our staff.

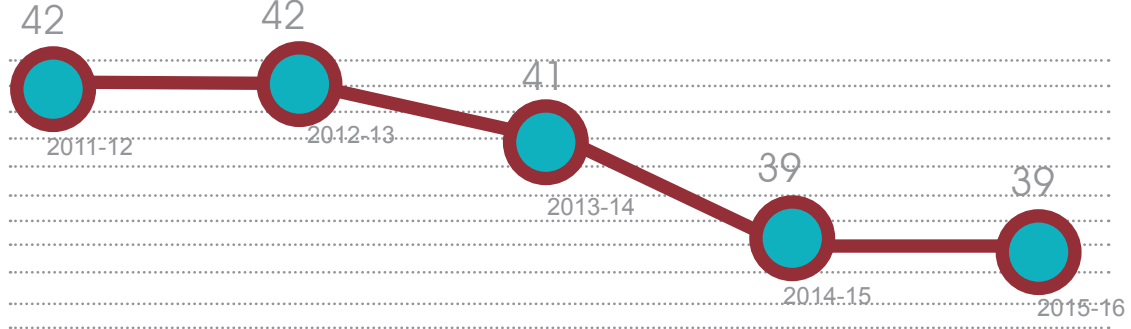
Recruitment

We place special emphasis in recruiting well qualified personnel. As the following charts demonstrate, during the past few years, the education levels of our staff has been rising, whilst their average age has been declining. Finally, the ratio of staff leaving SANA was 7%.

AVERAGE EDUCATION LEVELS OF PERSONNEL



AVERAGE AGE OF PERSONNEL



RISK MANAGEMENT


The bitter experience of the global recession has provoked many corporations around the globe to become more concerned about risk management than ever before.

Due to the sheer volume of investments required, power generation business is considered as more risky than many other enterprises. However, we believe power industry in Iran in general (including SANA) is exposed to even higher levels of risk than similar businesses in other parts of the world. This is partly due to the fact that Iranian economy has been going through some tough times in the recent years. Stagflation, government budget deficit, volatile foreign currency markets, increasing complexity in obtaining finance, etc., have all contributed to increasing the risk to which we are exposed.

Hence, we have placed risk management on top of our agenda. In order to minimise and manage our risks, we aim to create a risk culture within the organisation and to systematically develop the management decision making processes. It is important to note that in managing risk, we do not aim to merely avoid risk, but to identify lucrative business opportunities as well. So far, we have carried out the following measures in reference to risk management.

Creating Risk Management Structure

Our risk management structure includes a Risk Management Committee, which is composed of SANA's CEO (as the head of this committee) and its managers as well as subsidiary CEOs. The Specialised Risk Workgroup (SRW) which is composed of experts from all sectors, is assigned with the task of identifying, assessing and reporting various kinds of risk to the Risk Committee.



Risk Management Preparations

In order to raise the awareness of risk management among our employees, we have conducted a number of training courses as well as reviewing related concepts and topics in the workshop.

Risk Classification

In order to identify our risks we need to classify them so that events we may encounter can be assessed. At SANA, we have classified potential risks in the following manner:

- Strategic risk (including internal and external risks)
- Financial risks (including credit, market and liquidity risks)
- Operational risks (such as production processes, construction and launch, technology, IT systems, legal and contractual, accounting, supervision, human resources as well as management risks)
- Cultural and social risks
- Official credit risk
- Political risk

Risk Identification

In its meetings, the SRG has identified various risks via brainstorming, past experiences, similar projects and views of experts. So far, the Risk Committee has identified 79 different types of risk.

Risk Assessment

Having identified the risks which SANA is exposed to, the Risk Committee rates each risk according to its likelihood of occurrence and the scale of impact. Each risk is then placed in a risk assessment matrix. A risk map has been finalised in this regard. Some of the most important kinds of risk to which this company is exposed to are stated below:

- Changing laws and regulations regarding the rates of electrical power
- General Conditions of Iran's electrical power industry (changing budget and network management)
- Methods of collecting claims
- Failure to meet schedules in implementing projects
- Shortage of liquidity

Risk Reporting

At this stage, the SRW reports the identified risks and risk assessment results, including warning indexes to the Risk Committee and the CEO, on a periodical basis.

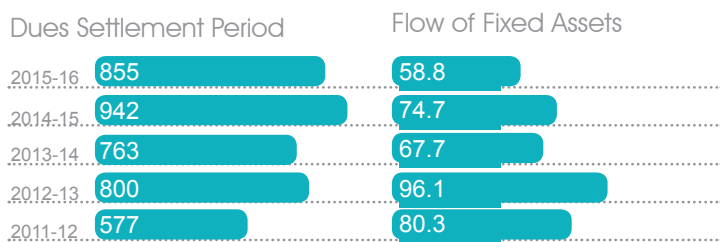
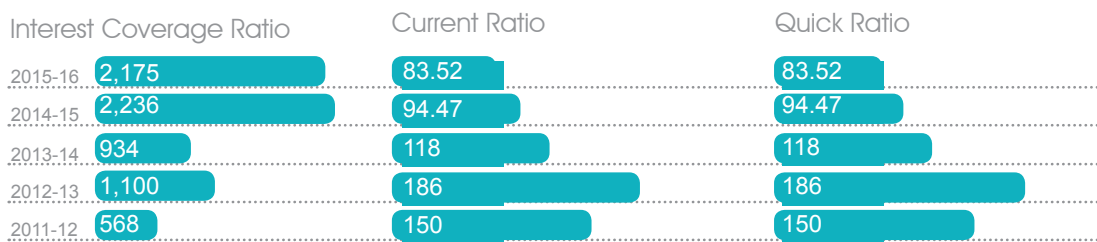
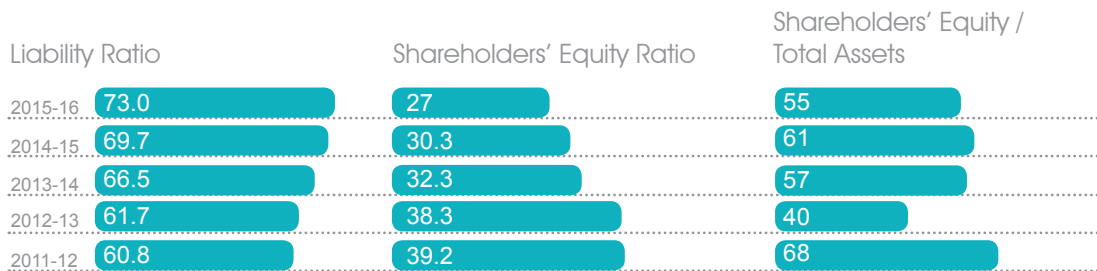
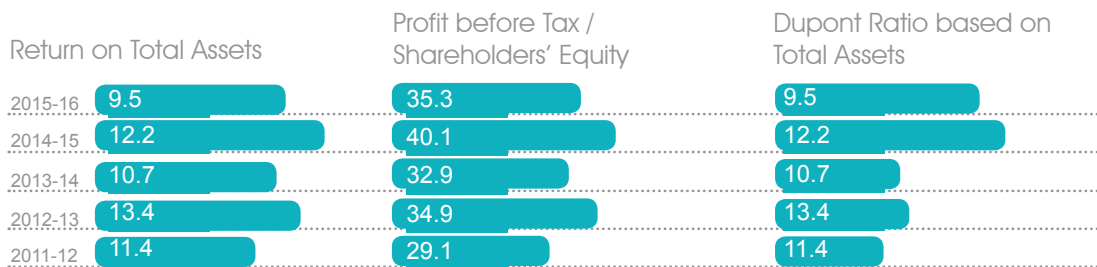
Risk Management Planning

Only with specified planning can we manage the identified risks. Our plans include a set of remedies for each risk.

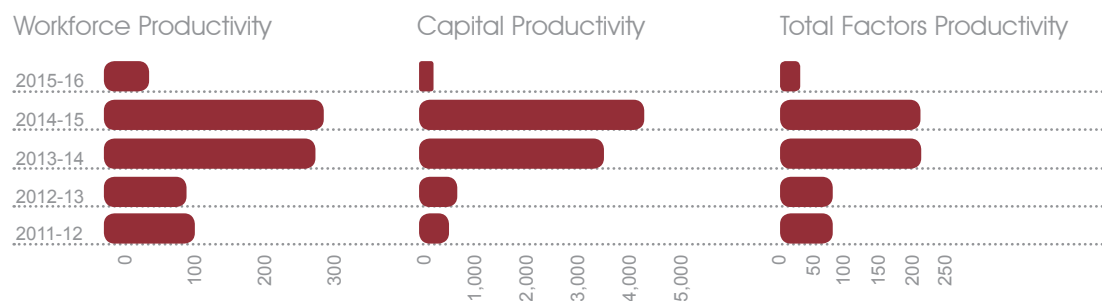
The SRW then plans for encountering risks. This planning is based on risk reports. The bearer of each risk is then determined and results are reported to the Risk Committee. Once the Risk Committee assesses, improves and approves these plans, applicable plans are prepared via the SRW. In this regard, some plans for encountering major risks have been drafted. They are as stated below:

- **Changing Laws & Regulations on Rates of Electrical Power**
In reference with investment projects, by signing power purchase agreements (PPA) with the Ministry of Energy which guarantee sale and place inflation and foreign currency fluctuations into consideration, we have managed to transfer some of these risks on to the Government. In reference with reducing the risk of changing rates of fossil fuels, we cooperate closely with the Ministry of Energy, the Majlis (Iranian Parliament) as well as other related authorities and we constantly follow up via syndicates of power generators. We also aim to reduce our dependence on fossil fuels by directing our future investments towards renewable energies.
- **General Conditions of Iran's Electrical Power Industry (changing budget and network management).**
We aim to reduce such risks by replacing our current methods of collection and introducing short-term financial remedies such as bartering our claims with liabilities.
- **Methods of Collecting Claims**
We are planning to settle a portion of our claims from the Ministry of Energy and Iran Grid Management Company (IGMC) by obtaining Islamic bonds instead of cash. Furthermore, we have the option of exchanging our claims relating to SANA's remaining shares at Zagros Power Generation Company. Another option is to negotiate with the Ministry of Energy to exchange claims with new purchases. The final choice is to coordinate with syndicates of power generating companies.
- **Failure to Meet Schedules in Implementing Projects**
We are currently adopting the latest methods of project management in order to counter the main reason for project delays, which is the time consuming process of obtaining finance.
- **Shortage of Liquidity.**
Cash flow management for all subsidiaries is carried out at the staff of SANA. One of the main value creating activities within SANA's main strategy is optimisation of cash flow management. Identifying new sources of finance and engaging in short-term investments are among our cash flow management processes. In order to raise finance for Khoramabad Project, we have prepared a feasibility study as means to convince the shareholders to contribute towards a capital increase.
- **Implementation (strategic, financial, operational reactions to risk)**
All units which are to implement the plans of the Risk Committee are required to submit executive risk management reports to the Specialised Risk Workgroup.
- **Standardisation of Risk Management Operations & Processes**
Once the risk management project is fully implemented it is then possible to create models and to standardise the process of risk management. Documentation and standardisation of identification processes used for encountering risks create organisational advantages since they help the organisation become agile, enabling it to be prepared to confront risks and crisis.

FINANCIAL RATIOS



PRODUCTIVITY RATIOS



INVESTMENTS

The main portion of our investments is in power plant companies. The following table introduces the companies in which we have invested and showed our ownership stake.

	Company	Share Percentage
Group Companies	Azarakhsh Power Generation Co.	60
	Khoramabad Power Generation Co.	72.16
	Zagros Power Generation Co.	60
	SANA Operation & Maintenance Co. (O&M)	50
TSE Companies	Nirou Investment Co.	0.31
	Energy Exchange Co.	0.27
Other Companies	Power Plant Development & Electric Energy Co.	20

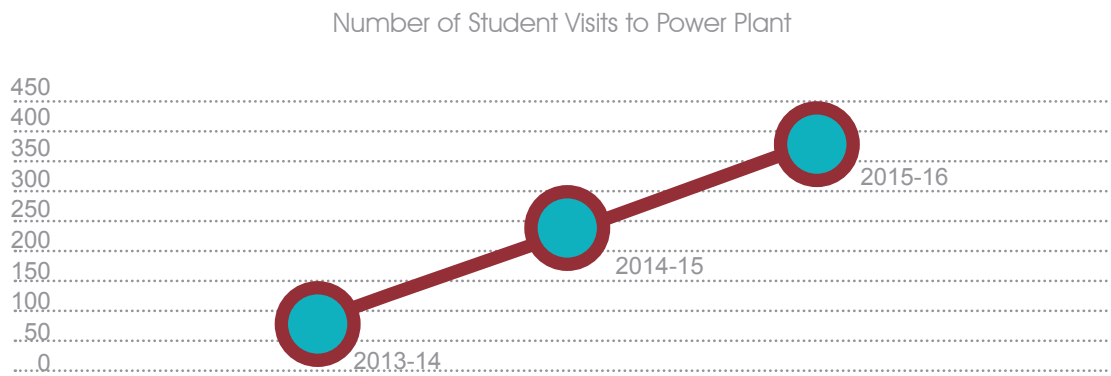


CORPORATE SOCIAL RESPONSIBILITIES

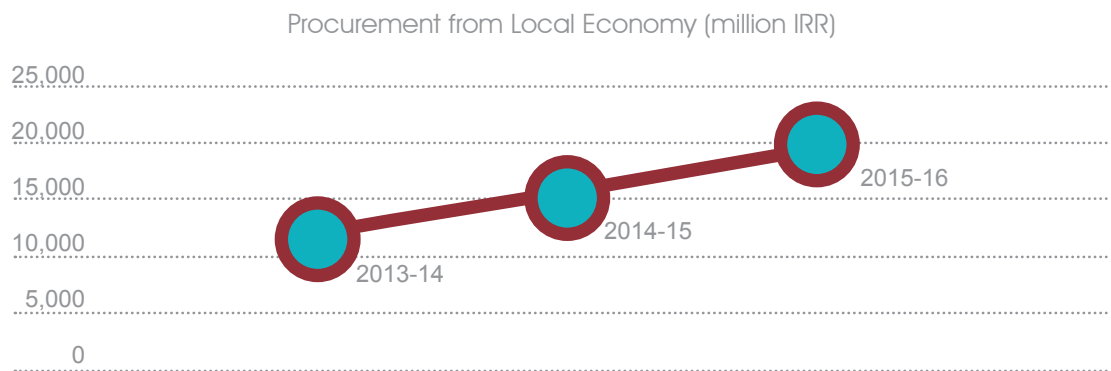
At SANA, we believe that in addition to being profit making entities, all enterprises have a moral duty to serve societies from which they emerge and thrive. Hence, we aim to create a balance between maximising profitability and attending to social issues such as human rights, labour laws, preservation of the environment, resource consumption, etc.

In serving society, we cooperate with research institutes, contribute towards economic development and create jobs, etc. For instance, in cooperating with local universities, Aliabad Power Plant allows students to visit its site in order to help familiarise local students with the power generation industry and to contribute towards elevating scientific know-how.

The following chart demonstrates the increasing number of students visiting the Aliabad Power Plant in the recent years.



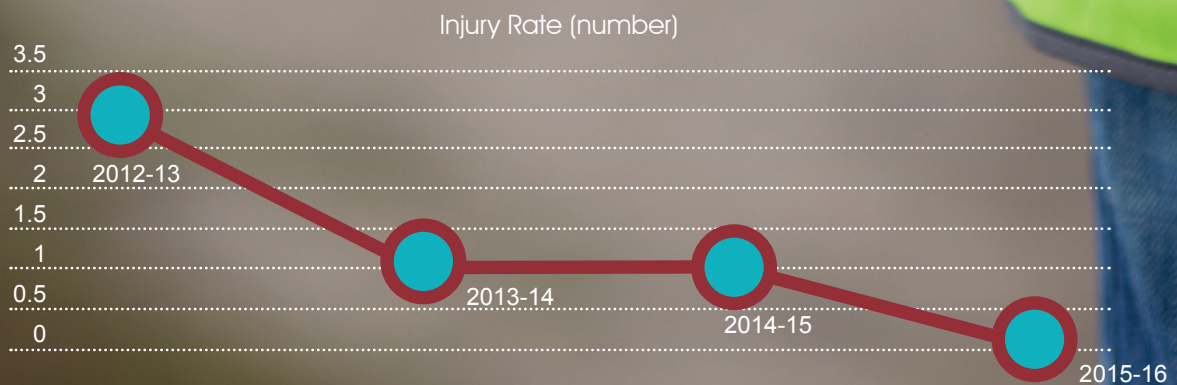
Furthermore, by procuring our requirements locally, we aim to help develop and prosper indigenous economies. The following chart illustrates the rising volume of purchasing from local economies during the past three years.





HEALTH, SAFETY & ENVIRONMENT (HSE)

Preserving the health and safety of our personnel, whom we consider to be our most important asset and protecting of the environment are of utmost importance to us. Hence, we comply with the toughest international HSE standards. In observing such standards, Aliabad Power Plant has successfully reduced its injury rate close to nil and sustained its rate of fatalities to zero.



PART II
SUBSIDIARIES &
PROJECTS



AZARAKHSH POWER GENERATION COMPANY

Established in 2005, Azarakhsh Power Generation Company is the owner of Aliabad 1500 MW combined cycle power plant, which is located in Golestan Province. SANA has a 59.99% ownership stake in this company. So far, this company has signed a buyback contract with Tavanir Company in order to develop its steam section.

Power Plant Specifications

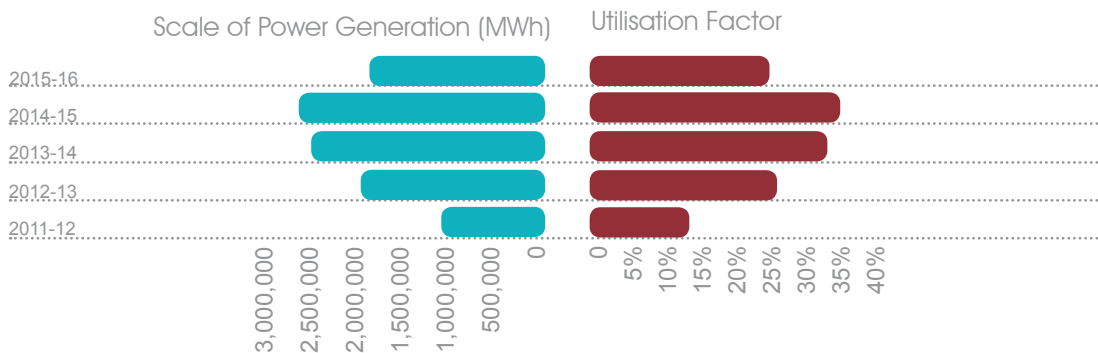
Phase I

- Six V94.2 gas units with a total capacity of 972 MW
- Investments: €344 million
- Launch date: 2010

Phase II

- Three steam units with a total capacity of 480 MW
- Converting into a combined cycle power plant
- Investments: €420 million

Power Generation Performance



Note: The main reason for the falling utilisation factor during the reporting financial period is due to the Five-Year Energy Convert Agreement (ECA) with Tavanir Company and entering into the wholesale market and the shortcomings of the power transmission network in the power plant area.



KHORAMABAD POWER GENERATION COMPANY

This company was established in 2005 as the owner of Khoramabad Combined Cycle Power Plant, which has a 1,000 MW capacity. SANA has a 72.16% ownership stake in this company.

Power Plant Specifications

Phase I

- Two V94.2 gas units and a steam unit with a total capacity of 484 MW
- Investments: €282 million
- Launch date forecast: 2018

Phase II

- Two V94.2 gas units and a steam unit with a total capacity of 484 MW
- Investments: €282 million
- Launch date forecast: One year as of Phase I launch date

Project Progress Rate

Phases	Progress Rate (%)
Development (Non-EPC)	83
Construction (EPC)	26
Pre-operational	-
Total	36



ZAGROS POWER GENERATION COMPANY

This company was established in 2005 with the objective of participating in completing and operating the unfinished Parand, Orumiyeh, Ardebil and Ghaen Power Plants, which shall have a total nominal capacity of 2,835 MW. SANA owns 59.99% of this company.

This is currently endeavouring to overcome some legal challenges in order to transfer the ownership of the aforementioned power plants from its partner in its own favour.

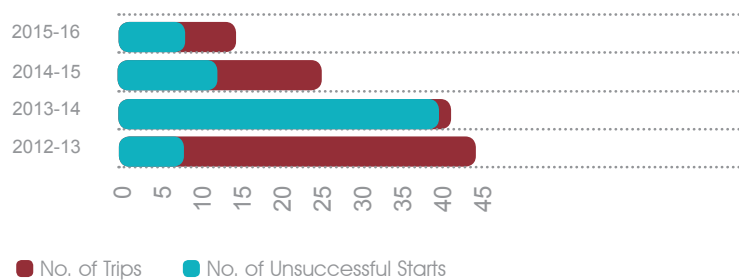
SANA OPERATION & MAINTENANCE COMPANY (O&M)

Established in 2009, SANA Operation & Maintenance Company (SANA O&M), is active in operation, periodic maintenance, and overhaul of power plants including gas, combined cycle, and steam units and their related equipment. This company is currently the operating body of Aliabad Power Plant. SANA owns 49.99% of this company.

Despite its relatively short life, SANA O&M has already made some major accomplishments such as boosting Aliabad Power Plant's capacity factor to 99.46%, whilst at the same time reducing forced outage rate of its emergency units to 33% in the previous year. During the same period, availability stood at 7,497,212 MWh.

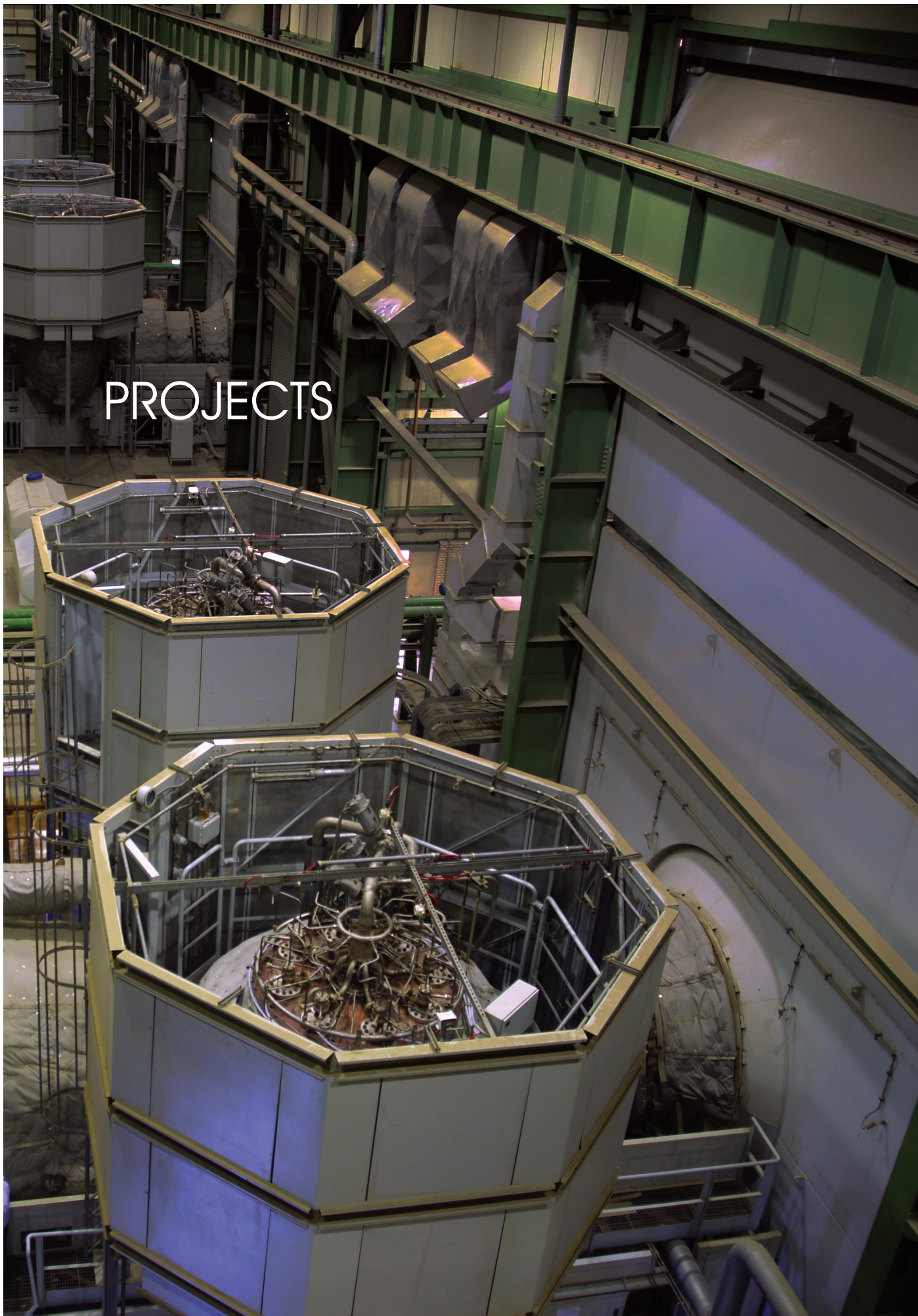
Performance

Number of Trips & Unsuccessful Starts



Note: As the above chart demonstrates, the number of trips and unsuccessful starts have dropped dramatically in the previous four years. This is due to effective planning and proper maintenance of the units as well as applying pilot assistance.

PROJECTS



ALIABAD POWER PLANT STEAM UNIT

In view of Iran's Ministry of Energy's policies regarding boosting the share of combined cycle power plants in the country's power generation capacity, it was decided to convert Aliabad Power Plant from gas into a combined cycle power plant in 2014.

Converting this power plants into combined cycle units shall not only increase the efficiency of these power plants by approximately 16%, it will also considerably boost its production and utilisation factor. Upon completion of the steam unit, the total capacity of this power plant is expected to increase by 480 MW, reaching 1,452 MW. Total investments required amount to €420 million.

KHORAMABAD COMBINED CYCLE POWER PLANT

This project will have a capacity of 968 MW and shall be implemented in 2 phases. Phase I, which is currently under construction, entails a combined cycle block consisting of two gas units (V94.2) and one steam unit with a total capacity of 484 MW. Investments required in this phase amount to €282 million.



WIND FARMS

Since one of our main strategies is to constantly look for renewable and environmentally friendly forms of energy required for power generation, we have placed the construction of wind power plants or wind farms on our agenda. So far, we have identified four sites as ideal locations for constructing such power plants, namely, *Abhar*, *Sarab*, *Khavaf* and *Bestam*. These power plants are to have a 25 MW capacity each. Furthermore, we have obtained the preliminary agreement for the construction of wind farms with 100 MW capacities in total, from the Renewable Energy Organisation of Iran (SUNA) in early 2015.

At the moment, the company is pursuing and keeping track of technical-economic studies, network connectivity, environmental issues and land acquisition for guaranteed electricity sales contract in the aforementioned regions. We have also selected a reputable German company as the project developer for the *Sarab* Project. This project requires investments amounting to approximately 37 million Euros and total investments for all of the aforementioned four projects in the amount of approximately 150 million Euros. In this regard, a finance agreement is currently being pursued.



PART III
FINANCIAL
STATEMENTS

Ministry of Economy & Financial Affairs
Audit Organisation
Independent Auditor's Report
To the Shareholders' Annual Ordinary General Assembly
Report on the Consolidated Financial Statements

Introduction

1- We have audited the accompanying consolidated financial statements of the Group & Iran Power Plant Investment Company- SANA (joint stock) which comprise the balance sheets as at 19 March 2016 and profit & loss statements and cash flow statements for the year then ended with explanatory notes 1 to 33.

Board of Directors' Responsibility for the Financial Statements

2- The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with the Accounting Standards. This responsibility includes planning, implementing and maintaining internal control over financial statements preparation in such a way that they are free from material misstatement, whether due to fraud or error.

Legal Auditors' Responsibility

3- Our responsibility is to express an opinion on these financial statements based on our audit conducted in accordance with Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

In addition to performing the duties of a legal inspector, we are responsible for reporting any non-compliance in legal requirements stipulated in Commercial Code as Amended and the Articles of Association of the Company to the ordinary general assembly of the shareholders.

Qualified Opinion

4- In our opinion, the above financial statements present fairly, in all material respect, the financial position of the Group and Iran Power Plant Investment Company- SANA (joint stock) as at 19 March, 2016, and its financial performance and its cash flows for the year then ended in accordance with accounting standards.

Emphasis on Important Issues

5- As reflected in explanatory note 8-3-1, based on the minute signed between Iran Power Plant Investment Company- SANA and Tavanir Co., the said company has paid IRR 200 billion to Iran Power Development Organisation for participation in half-built power plant projects in Parand, Orumiyeh, Ardebil and Ghaen. In the final agreement made with Tavanir Co. in 16 April 2007, Parand Power Plant was omitted from four agreed power plants and it was agreed that Tavanir Co. should embark on handing over the existing equipment and facilities of Orumiyeh half-built Power Plant Project to Zagros Power Generation Co. (one of the subsidiaries of the said company) up to 21 May 2007. Since the aforementioned agreed items with Tavanir Co. have not yet implemented and the method of participation in the half-built power plant project is not clarified, the said company issued a written declaration, requesting the delivery of mentioned power plants during the recent years. The court subsequently issued a verdict in 2011-12, during which time Tavanir Co. was condemned to a 40% capital gain in Zagros Power Generation Co. in the form of assignment of power plants' ownership. Tavanir Co. in turn, made an appeal and the court of appeal's verdict confirmed the condemnation in July 2013. Tavanir Co. had the case reinvestigated by the head of judiciary whose final verdict has not yet been issued.

6- With regard to explanatory note 8-2, the Company has invested IRR 552 billion in Khoramabad Power Generation Co. to build a power plant in recent years and has paid IRR 162 billion to that company according to explanatory note 5. According to initial estimates, although the project completion period was 38 months, the project was not completed within 9 years with progress rate of 36%. In addition, the amount of IRR 351 billion of the Group's orders and capital prepayments (explanatory note 9-6-1) is related to the above company which was paid to Bank Melli as L/C order register prepayment (MAPNA Group beneficiary) but still unused due to non-allocation of foreign currency by the Central Bank of Iran (CBI).

7- According to item "V" article "1" in Law of Annexing Some Articles to Adjusting Part of Government's Financial Regulation Law, taxes and value added tariffs related to electricity are received only once at the end of generation or distribution chain. Regarding to what was said above, Tavanir Co. does not pay any amount related to added value tax mentioned in Azarakhsh Power Generation Co.'s bills (subsidiary) against electricity sale in recent years and Iran Electricity Network Management (regarding electricity sale in the reported year) and the said company shall not make any registration its the books in this regard. On one hand, in recent years and reported year, there has been total IRR 81 billion as added value tax in MAPNA Co. and SANA Repairs Co.'s bills (for power plant maintenance & use). The Company has registered the said amount under the heading of other accounts receivable (explanatory note 5) versus accounts between the above companies. Determining the possible financial effects resulting from the above case will be pendent upon tax authorities' final verdict.

8- The Parent Company's assets held for sale and part of tangible fixed assets have no insurance coverage.

- Our opinion is not qualified due to contents of above items 5 to 8

Report on Other Legal Requirements
Report on Other Duties of the Legal Inspector

9- The balance of claims from Tavanir Co. and Iran Electricity Network Management Co. for electricity sale by Azarakhsh Power Generation Co. (subsidiary) amounts to a total of IRR 6,428 billion at balance sheet date and Zagros Power Generation Co.'s claims from Damavand Electricity Generation Management Co. in the amount of IRR 23 billion, are mainly related to the previous years. The above amounts are the major part of the Group's assets and no agreement has been reached over the time and method of their collection.

10- The land of Azarakhsh Power Generation Co.'s (subsidiary) Aliabad Power Plant in Golestan belongs to Iran Power Development Organisation. Measures regarding the transfer land ownership to that company have not been finalised.

11- The article 240 of Commercial Code as Amended regarding approved dividend paid maximum 8 months from approval date has not been complied.

12- The Company's follow-ups to carry out tasks prescribed in shareholders' Ordinary General Assembly dated 14 July 2015 regarding subjects mentioned in items 5 to 7, 9,10, 11, 15, and 16 in this report and planning and financing which is necessary for transforming gas power plants to combined cycle power plants have not been conclusive.

13- We have reviewed the transactions as specified in explanatory note 31-3 of financial statements as all transactions subject to article 129 of the Commercial Code as Amended, made by the Parent Company during the reported fiscal year and announced to this organisation by its Board of Directors. Regarding the said transactions, the above article i.e. obtaining a permit from the Board of Directors and not attending the beneficiary director in voting has been complied. In addition, there is no evidence indicating that the said transactions have not been carried out according to suitable commercial conditions and ordinary corporate procedure.

14- We have reviewed the Board of Director's report on Company activity and general status, subject of article 232 Commercial Code as Amended, prepared to be submitted to the shareholders' annual Ordinary General Assembly. Considering the reviews, we have not encountered any significant event of in compliance of information in the said report with documents presented by the Board of Directors.

Report on Auditor's Other Legal Responsibilities

15- Some regulations as set forth by the Securities & Exchange Organisation related to registered companies are not complied with are as follows:

15-1- Clause 1 of article 7: submitting the annual audited financial statements in time.

15-2- Article 10 which requires the submission of General Assembly minute within maximum 10 days following the General Assembly date to the Company Registration Department and presenting a copy of the minute within a maximum one week period following registration.

15-3- Article 5 disciplinary instructions of publishers admitted in the Securities & Exchange Organisation representing payment of divided approved by General Assembly in time (mentioned in article 240 Commercial Code as Amended).

15-4- *Preparing the Company's articles of association in line with typical articles of association of Securities & Exchange Organisation as approved by the Company's Extraordinary General Assembly, subject of Observing Investment Companies Regulations (joint stock) Instructions under the supervision of Securities & Exchange Organisation.*

16- *On executing the contents of article 33 Anti-Money Laundering Administrative Instructions by the auditors, complying with the said law and the related administrative instructions has been evaluated by the organisation in the framework of the authority's checklists and auditing standards. In this regard, except for the items as mentioned in articles 8, 12 to 14, 16, 21 and 23 in executive instructions and articles 14, 19, 22 to 24, 34 to 36, 43 and 47 in executive rules of anti-money laundering, we have not encountered any significant events indicating noncompliance of mentioned rules and regulations.*

28 June 2016

Audit Organisation

Seyyed Mahdi Mousavipour

Bahram Sadoughiyan Zadeh

Shareholders' Ordinary General Assembly

Attached you may find consolidated financial statements together with Iran Power Plant Investment Company- SANA Joint Stock (Parent Company) related to fiscal year ended on 19 March 2016. The components of financial statements are as follows:

Group's main Consolidated Financial Statements:

Consolidated Balance Sheet
Consolidated Profit & Loss Statement
Consolidated Statement of Cash Flows

Iran Power Plant Investment Company- SANA Joint Stock main Financial Statements:

Balance Sheet
Profit & Loss Statement
Statement of Cash Flows

Explanatory Notes:

History & Activity
Main Accounting Procedures

Group's consolidated financial statements & Iran Power Plant Investment Company- SANA Joint Stock main financial statements are prepared based on accounting procedures and approved by the company's board of directors in 26 June 2016.

Board Members	Position
Mr. Karim Momeni Representing SABA Power & Energy Industries Co.	Chairman
Mr. Khalil Behbahani Representing MAPNA Group Co.	Vice-Chairman
Mr. Mohammad Reza Eslamian Representing SINA Investment & Financial Parent Company	CEO & Board Member
Mr. Mohsen Pour Saedi Representing National Development Group Investment Co.	Board Member
Mr. Saeed Hemmati Pour Representing Mostazafan Foundation	Board Member

Reg. No. 237110 National Code: 10102780031 Economic No. 411316648433
No. 2, Golzar street, Golshan Street, Khoramshahr Ave. Tehran, Zip Code 1557615491

Iran Power Plant Investment Company- SANA (Joint Stock)
Consolidated Balance Sheet
As at 19 March 2016

Assets	Note	19.03.2016	20.03.2015	Liabilities & Equity		Note	19.03.2016	20.03.2015
		IRR Million	IRR Million				IRR Million	IRR Million
Current Account:								
Cash	3	440,955	159,200	Commercial & Non-commercial Payables	10	1,766,028	1,600,566	
Short-term Investments	4	2,164,924	29,350	Tax Payable	11	530,861	1,032,032	
Commercial & Non-commercial Receivables	5	6,789,626	9,184,752	Dividend Payable	12	2,752,743	1,563,384	
Prepayments	6	184,409	150,184	Financial Facilities	13	6,346,716	5,359,252	
Assets held for sale	7	132,481	132,481	Provisions	14	178,042	0	
				Advances	15	53,963	49,313	
Total Current Assets		9,712,395	9,655,967	Total Current Liabilities		11,628,353	9,604,547	
Non-current Assets:								
Long-term Investments	8	209,100	218,044	Non-current Liabilities:				
Fixed Tangible Assets	9	9,178,688	9,320,317	Long-term Payables	10	93,500	93,500	
				Long-term Financial Facilities	13	2,206,084	3,055,628	
Total Non-current Assets		9,387,788	9,538,361	Staff Work Termination Benefits Provision	16	7,501	2,376	
				Total Non-current Liabilities		2,307,085	3,151,504	
				Total Liabilities		13,935,438	12,756,051	
				Equity:				
				Capital (2,441,100,000 shares, each IRR 1,000)	17	2,441,100	1,661,100	
				Working Capital Gain		0	774,617	
				Legal Reserve	18	328,268	327,963	
				Retained Earnings		799,537	1,537,242	
				Total Parent Company's Equity		3,568,905	4,300,922	
				Minority Interest	19	1,595,840	2,137,355	
				Total Equity		5,164,745	6,438,277	
Total Assets		19,100,183	19,194,328	Total Liabilities and Equity		19,100,183	19,194,328	

The enclosed explanatory notes form an integral part of the financial statements.

Iran Power Plant Investment Company- SANA (Joint Stock)
Consolidated Profit and Loss Statement
For the Year Ended 2016

	Note	19.03.2016		20.03.2015
		IRR Million	IRR Million	IRR Million
Operating Income	20		2,758,797	3,496,066
Operating Income Cost	21		(825,135)	(685,900)
Gross Profit			1,933,662	2,810,166
Sales, Administrative & General Expenses	22	(62,747)		(33,560)
Other Operating Items		1,826		0
Group's Quota from Affiliated Companies' Profit		0		12,328
			(60,921)	(21,232)
Operating Profit			1,872,741	2,788,934
Financial Expenses	23	(88,313)		(969,558)
Other Non-operating Income & Expenses	24	(573,544)		1,130,877
			(661,857)	161,319
Operating Profit before Tax			1,210,884	2,950,253
Income Tax	11		(5,412)	0
Net Profit			1,205,472	2,950,253
Minority Interest from Net Profit			483,499	1,154,810
Net Profit assignable to Parent Company's Shareholders			721,973	1,795,433
Earnings per Share:				
Operating	25		455	1,006
Non-operating	25		(158)	74
Earnings per Share			297	1,081
Consolidated Retained Earnings Cash Flow				
Net Profit			1,205,472	2,950,253
Retained Earnings at the Beginning of Year		2,562,229		2,896,108
Prior Period Adjustments	26	0		(972,098)
Retained Earnings at the Beginning of Year (Adjusted)		2,562,229		1,924,010
Adjustments resulted from Consolidation		109		0
Approved Dividend		(2,484,504)		(2,206,545)
			77,834	(282,535)
Allocable Profit			1,283,306	2,667,718
Legal Reserve	18		(305)	(105,489)
Retained Earnings at the End of Year			1,283,001	2,562,229
Minority Interest from Retained Earnings			(483,464)	(1,024,987)
Retained Earnings assignable to Parent Company's Shareholders			799,537	1,537,242

Since the components of comprehensive income statement are restricted to fiscal year profit and loss, the statement is not presented.

The enclosed explanatory notes form an integral part of the financial statements.

Iran Power Plant Investment Company- SANA (Joint Stock)
Consolidated Statement of Cash Flows
For the Year Ended 2016

	Note	19.03.2016	20.03.2015
		IRR Million	IRR Million
Operating Activities:			
Net Cash Inflow from Operating Activities	27	2,867,873	1,051,566
Return on Investments & Profit paid for Financing:			
Dividend Received		215	0
Profit Paid for Facilities		0	(37,087)
Profit Received for Short-term Investment Deposits		156,172	46,889
Dividend paid to Minority Shareholders		(1,295,400)	(522,158)
Net Cash Outflow from Return on Investments & Profit paid for Financing		(1,139,013)	(512,356)
Income Tax:			
Income Tax Paid		(229,617)	(176)
Investment Activities:			
Funds Paid for Purchasing Fixed Tangible Assets		(147,747)	(274,264)
Funds Earned from sales of Fixed Tangible Assets		178	10,000
Funds Paid for Purchasing Fixed Intangible Assets		0	(19)
Funds Paid for Short-term Investments Acquisition		0	(209,467)
Funds Paid for Long-term Investments Acquisition			(807)
Funds Earned from Short-term Investments Sale		4,700	0
Funds Earned from Long-term Investments Sale		8,918	224,467
Funds Earned from Reduction in Investment Deposits		0	24,000
Net Cash Outflow from Investment Activities		(133,951)	(226,090)
Net Cash Inflow prior to Financing Activities		1,365,292	312,944
Financing Activities:			
Funds from Capital Gains		5,383	0
Funds from On account Capital Gains		0	(436,863)
Funds from Subsidiaries' Capital Gains- Minority Interest		0	2,344
Financial Facilities Principal Repayment		(1,090,000)	(434,519)
Net Cash Outflow Resulting from Financing Activities		(1,084,617)	(434,519)
Net Increase (Decrease) in Cash		280,675	(121,575)
Cash balance at the Beginning of the Year		159,200	280,775
F/X Rate Effects		1,080	0
Cash balance at the End of the Year		440,955	159,200
Non-Cash Transactions	28	0	80,509

The enclosed explanatory notes form an integral part of the financial statements

Iran Power Plant Investment Company- SANA (Joint Stock)
Balance Sheet
As at 19 March 2016

Assets	Note	19.03.2016		20.03.2015		Liabilities & Equity	Note	19.03.2016		20.03.2015	
		IRR Million	Million	IRR Million	Million			IRR Million	Million		
Current Account:											
Cash	3	165,804	58,659	Non-commercial Payables	10	24,699	11,329				
Short-term Investments	4	15,000	22,000	Tax Payable	11	685	685				
Commercial & Non-commercial Receivables	5	2,621,198	2,715,681	Dividend Payable	12	1,599,075	897,614				
Prepayments	6	1,412	1,783	Advances	15	53,963	49,313				
Non-current Assets held for Sale	7	132,481	132,481								
Total Current Assets		2,935,895	2,930,604	Total Current Liabilities		1,678,422	958,941				
Non-current Assets											
Long-term Investments	8	1,984,149	1,984,149	Staff Work Termination Benefits Provision	16	2,287	2,376				
Fixed Tangible Assets	9	193,382	200,361	Total Non-current Liabilities		2,287	2,376				
Total Non-current Assets		2,177,531	2,184,510	Total Liabilities		1,680,709	961,317				
Equity:											
Capital	17	2,441,100	1,661,100	Working Capital Gain	17	0	774,617				
Legal Reserve	18	236,895	200,960	Retained Earnings		754,722	1,517,120				
Total Assets		5,113,426	5,115,114	Total Liabilities and Equity		3,432,717	4,153,797				
						5,113,426	5,115,114				

The enclosed explanatory notes form an integral part of the financial statements.
Iran Power Plant Investment Company- SANA (Joint Stock)

Iran Power Plant Investment Company- SANA (Joint Stock)
Profit and Loss Statement
For the Year Ended 2016

	Note	19.03.2016		20.03.2015
		IRR Million	IRR Million	IRR Million
Operating Income	20		716,395	1,541,222
Operating Income Cost			0	0
Gross Profit			716,395	1,541,222
Sales, Administrative & General Expenses	22		(24,687)	(14,798)
Operating Profit			691,708	1,526,424
Other Non-operating Income & Expenses	24		26,986	66,043
Operating Profit before Tax			718,694	1,592,467
Income Tax			0	0
Net Profit			718,694	1,592,467
Earnings per Share:				
Operating	25		283	919
Non-operating	25		11	40
			294	959
Retained Earnings Cash Flow				
Net Profit			718,694	1,592,467
Retained Earnings at the Beginning of Year			1,517,120	1,183,655
Dividend Approved by General Assembly			(1,445,157)	(1,179,381)
Allocable Profit			790,657	1,596,741
Legal Reserve	18		(35,935)	(79,623)
Retained Earnings at the End of Year			754,722	1,517,120

Since the components of comprehensive income statement are restricted to fiscal year profit and loss, the statement is not presented.

The enclosed explanatory notes form an integral part of the financial statements.

Iran Power Plant Investment Company- SANA (Joint Stock)
Statement of Cash Flows
For the Year Ended 2016

	Note	19.03.2016		20.03.2015
		IRR Million	IRR Million	IRR Million
Operating Activities:				
Net Cash Inflow from Operating Activities	27		185,309	256,342
Return on Investments & Profit paid for Financing:				
Dividend Received		628,503		0
Profit earned from Investment Deposits & Other Securities		26,922		28,148
Dividend Paid		(743,696)		(302,132)
Net Cash Outflow from Return on Investments & Profit paid for Financing			(88,271)	(273,984)
Investment Activities:				
Funds Paid for Purchasing Fixed Tangible Assets		(2,344)		(197,245)
Funds earned from sales of Fixed Tangible Assets		68		10,000
Funds Paid for Short-term Investments Acquisition		0		(806)
Funds earned from Sale of Banking Investment Deposit		7,000		0
Net Cash Flow from Investment Activities			4,724	(188,051)
Net Cash Flow prior to Financing Activities			101,762	(205,693)
Financing Activities:				
Funds from Capital Gains			5,383	0
Funds from On account Capital			0	2,344
Net Cash Inflow resulting from Financing Activities			5,383	2,344
Net Increase (Decrease) in Cash			107,145	(203,349)
Cash balance at the Beginning of the Year			58,659	262,008
Cash balance at the End of the Year			165,804	58,659
Non-Cash Transactions	28		0	34,000

The enclosed explanatory notes form an integral part of the financial statements.

Iran Power Plant Investment Company- SANA (Joint Stock)
Notes to the Financial Statements
For the Year Ended 19 March 2016

1 - History & Activities

1-1- History

The Group includes Iran Power Plant Investment Company- SANA (Joint Stock) as the Parent Company and its subsidiaries. Iran Power Plant Investment Company- SANA (Joint Stock) was established in 19 Dec 2004 and registered at Corporate and Non-Commercial Institutes Registry Office in Tehran under registration number 237110 and started its activity since the date of establishment.

The Company's registered headquarters address is at No.2, Golzar Street, Golshan Street, Khoramshahr Ave, Tehran.

1-2- Main Activity

The main areas of activity according to article 3 of its Articles of Association are stated below:

- To establish, launch and purchase electricity generation power plants through investment and participation with credible domestic and foreign, natural or legal persons, subscription and offering stocks and issuing participation bonds.
- To carry out studies, feasibility studies, investment and participation in developing electricity generation industries via BOO-BOT-BOOT-BTO-LDO-BBO and etc. methods and commercial, industrial and manufacturing projects and plans, import and export, services, engineering and construction in electricity industry and other related economic sections.
- To found all kinds of manufacturing, industrial, commercial, services, engineering and construction companies related to electricity industry and participate with the said companies.
- To offer counseling services on investments and running companies active in electricity industry and management of power plant investee companies' stocks.
- To prepare the ground for entry, subscription and sale of investment companies' stocks on the stock exchange.
- To participate with domestic and foreign economic companies and firms on different areas
- To use the financial and credit facilities offered by banks and insurance companies and credit financial institutes in and out of the country to fulfill the company's goals
- To offer technical-engineering, financial, management, counseling and system designing and marketing services to related companies in order to promote their efficiency in new investments and development plans.
- To carry out stocks dealings and offering related services
- To accept or offer agencies in and out of the country and obtain the required permissions for implementing manufacturing and industrial plans.
- To carry out authorized operations which directly or indirectly contribute to the company's goals or are necessary for Company's scope of activity.

Iran Power Plant Investment Company- SANA (Joint Stock)
Notes to the Financial Statements
For the Year Ended 19 March 2016

1-3- Number of Staff

The average number of staff during the reported period and prior year is as follows:

	Group		Parent Company	
	2015-2016	2014-2015	2015-2016	2014-2015
	Number of Persons	Number of Persons	Number of Persons	Number of Persons
Contractual Staff	89	24	25	24
Service Companies' Staff	8	9	8	9
	97	33	33	33

1-3-1- During the reported fiscal year and based on the contracts, the experts and supporting personnel of the Group's companies have been recruited by Iran Power Plant Investment Company- SANA and MAPNA Group and the incurred expenses have been recorded in accounts in between. Meanwhile, manpower in Golestan Power Plant (Azarakhsh Co.) for 65 people have been recruited by a beneficiary contractor (SANA O&M Co.) during the reported fiscal year.

2- Main Accounting Procedures

2-1- The basis for preparation of financial statements

The consolidated financial statements of the Group and the Parent Company have been prepared on the basis of historical cost, using current values at below cases:

- A- In case of investments as described in note 2-3 below
- B- Assets held for sale at minimum book value and net sale value
- C- Foreign currency accounts and balances at formal rate as at balance sheet date

2-2- Basis for Consolidation

2-2-1- The consolidated financial statements are the composition of financial statement items for Iran Power Plant Investment Company- SANA (Joint Stock) and its subsidiaries liable to consolidation following the elimination of inter-company transactions and balances and unrealized profit and loss resulted from between transactions.

2-2-2- In case of subsidiaries acquired during the period, the result of its operations is mentioned in consolidated profit and loss statement from the date the Parent Company take its control and in case of subsidiaries transferred, the result of its operation is mentioned in consolidated profit and loss statement up to transfer date.

Iran Power Plant Investment Company- SANA (Joint Stock)
Notes to the Financial Statements
For the Year Ended 19 March 2016

2-2-3- The Parent Company's shares acquired by subsidiaries are mentioned in the accounts at cost and are reflected in consolidated balance sheet as equity reducer under the title the parent company's shares in possession of subsidiaries.

2-2-4- Subsidiaries liable to consolidation are companies whose issued shares are directly or indirectly owned by parent company by more than 50% or the latter is able to control their operational and financial policies through possessing majority of shares.

2-2-5- Subsidiaries including Power Generator Companies Zanjan, Kermanshah, Ahvaz, Qaen and Ardabil which were liable to consolidation during fiscal year 2013-14, were dissolved during fiscal year 2014-15 and are now liquidating. However, they were not liable to consolidation during fiscal year 2015-16 and SANA O&M Co. was not an affiliated Co. anymore and was liable to consolidation.

2-3- Investments

Description	Group Consolidation	Parent Company
Method of Measurement & Recognition:		
Long-term Investments:		
Investment in subsidiaries	Liable to consolidation	Cost (less decrease in any of investments retained value)
Investment in affiliated companies	Net worth	Cost (less decrease in any of investments retained value)
Other long-term Investments	Cost (less decrease in any of investments retained value)	Cost (less decrease in any of investments retained value)
Current Investments:		
Short-term Investment at market	Market Value	Market Value
Other Current Investments	Minimum cost and net sale value of any of investments	Minimum cost and net sale value of any of investments
Method of Income Recognition		
Investment in subsidiaries	Liable to consolidation	At time of profit approval by General Assembly of Investee Co.'s shareholders (up to date of financial statements approval)
Investment in affiliated companies	Net worth	At time of profit approval by General Assembly of Investee Co.'s shareholders (up to date of financial statements approval)
Other current and long-term investments in companies' stocks	At time of profit approval by General Assembly of Investee Co.'s shareholders (up to balance sheet date)	At time of profit approval by General Assembly of Investee Co.'s shareholders (up to balance sheet date)
Investment in other securities	At time of guaranteed profit realization	At time of guaranteed profit realization

Iran Power Plant Investment Company- SANA (Joint Stock)
Notes to the Financial Statements
For the Year Ended 19 March 2016

2-4- Assets Held for Sale

2-4-1- Non-current assets whose book values are retrieved mostly through sale, not by continuous use, are classified as “held for sale”. These conditions are fulfilled only when non-current assets are ready for immediate sale at current state. Except for cases which are beyond management authority, it is only customary to sell those assets which are ready for sale and where the management is committed to implement an assets sale plan, in such a way that sale is expected to complete within a year as of the classification date.

2-4-2- Non-current Assets held for Sale are measured by “minimum cost and net sale value”.

2-5- Goodwill

Accounting of commercial units’ composition is carried out by acquisition based on purchase method. Cost surplus of investment acquisition in subsidiaries liable to consolidation and affiliated companies liable to applying net worth method to group’s share from net fair value net assets recognizable at acquisition time as goodwill is recognized and depreciated by straight line within 20 years. The goodwill resulted from acquisition of affiliated companies is reflected in consolidated balance sheet except book value of long-term investment in affiliated companies. In addition, goodwill is reflected at cost following deduction of accumulated depreciation and accumulated value decrease.

2-6- Intangible Assets

2-6-1- Intangible assets are measured based on cost and registered in accounts.

2-6-2- Depreciation of intangible assets with specified useful life is calculated with respect to expected consumption pattern of future economic benefits and based on following rates and methods:

Asset type	Depreciation rate	Depreciation Method
Software	Direct	3 years

2-7- Tangible fixed assets

2-7-1- Tangible fixed assets are registered based on cost in accounts. Improvement expenses and major repairs which cause dramatic increase in capacity or useful life of fixed assets or main improvement in output quality are considered as capital expenses and depreciated within useful life of rest of assets. Maintenance expense and minor repairs, which are done in order to keep or mend the expected economic benefits of trade unit from initial evaluated performance standard of asset, are considered as current expenses as they happen and are mentioned in profit & loss account.

Iran Power Plant Investment Company- SANA (Joint Stock)
Notes to the Financial Statements
For the Year Ended 19 March 2016

2-7-2- Depreciation of Tangible fixed assets is calculated with respect to estimated useful life of assets and depreciation by-law, article 151 of Direct Taxes Act (approved on March 1988 and subsequent amendments) and based on following rates and methods:

Fixed asset	Depreciation rate	Depreciation method
Building & facilities	7%	Descending
Furniture	3 & 10 years	Direct
Tools	4 years	Direct
Vehicles	25%	Descending

For fixed assets which are acquired and used during the month, depreciation is calculated and registered in accounts from the beginning of next month. In cases where each one of depreciable assets which are ready for use is not used due to shutting down or any other reasons, the depreciation for the mentioned period would be equal to 30% of depreciation rate reflected in above table.

2-8- Conversion of Foreign Currency

2-8-1- Foreign currency monetary items are converted with F/X formal rate at balance sheet date and non-monetary items which are registered at historical cost according to foreign currency are converted with F/X formal rate on deal date and the difference resulted from clearance or conversion of foreign currency monetary items is mentioned in the accounts as follows:

- A) Differences of conversion of foreign currency liabilities related to “qualified assets” are mentioned at asset cost.
- B) In other cases, it is recognized as income or expenses upon occurrence and reported in profit and loss statement.

2-9- Value decrease loss of non-current assets

2-9-1- At the end of each reporting period, in case of any possible sign of assets value decrease, decrease test is carried out. As such, recoverable amount of asset is estimated and compared with the book value. In case recoverable amount of a single asset may not be estimated, recoverable amount of the cash to which the asset belongs would be determined.

2-9-2- The test for value decrease of intangible assets with unspecified useful life is carried out annually regardless of existence and non-existence of any sign implying value decrease.

2-9-3- Recoverable amount of asset (or cash generating unit) is either sale value less sale expenses or economic value, whichever is greater. Economic value equals current value of future cash flows resulted from assets using pretax discount rate, indicating money time value and asset-specific risks for which estimated future cash flows are not adjusted.

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2-9-4- Only if recoverable amount of asset is less than its book value, the latter (or cash generating unit) will decrease down to its recoverable amount and the difference will immediately be recognized in profit & loss statement under value decrease loss, unless asset is reevaluated, in which case decreases reevaluation surplus amount.

2-9-5- In case of recoverable amount increase from the time of the last loss recognition which points to loss return of asset value decrease (cash generating unit), asset book value increases up to new recoverable amount and at maximum up to book value with assumption of non-recognition of value decrease loss in prior years. Loss return of asset value decrease (or cash generating unit) will immediately be recognized in profit and loss statement, unless asset is reevaluated, in which case increases reevaluation surplus amount.

2-10- Provision for Staff Work Termination Benefits

Provision for staff work termination benefits is calculated based on one month of the last constant salary and continuous benefits for each year of their work and mentioned in accounts.

2-11- Operating Income

2-11-1- Operating income is measured at fair value as per received fund or receivable and less estimated amounts for sale return and discounts.

2-11-2- Income from offering services is recognized at the time of offering services.

2-12- Financing Expenses

Financing expenses are recognized upon occurrence as expenses except expenses which may be ascribed to "qualified assets".

3. Cash

	Note	Group		Parent Company	
		19.03.2016	20.03.2015	19.03.2016	20.03.2015
		IRR Million	IRR Million	IRR Million	IRR Million
Balance with Banks		43,071	152,875	155,096	53,295
Cash Balance & Petty Cash		209	1,042	34	80
Funds in Transit	3-1	10,675	5,283	10,674	5,284
		<u>440,955</u>	<u>159,200</u>	<u>165,804</u>	<u>58,659</u>

3-1- Funds credited to Sina Bank's account to pay dividends to shareholders who have not referred to the Bank until the date of preparation of financial statements.

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4. Short-term Investments

	Note	Group		Parent Company	
		19.03.2016	20.03.2015	19.03.2016	20.03.2015
		IRR Million	IRR Million	IRR Million	IRR Million
Investment in Securities (Participation Bond)	4-1	2,140,274	0		
Banking Short-term Investment Deposits	4-2	24,650	29,350	15,000	22,000
		2,164,924	29,350	15,000	22,000

4-1- The Company has received IRR 2,000 billion from claims of electricity sale to Tavanir Co. while keeping 20% purchasing power totaling IRR 2,400 billion one-year Islamic treasury bill at maturity 11 November 2016 out of which IRR 140,274 million of keeping purchasing power profit related to 2015-16 has been recognized as income.

4-2- In the Parent Company, a 2-year deposit for IRR 15,000 million has been invested in Bank Sina with on-account profit rate 22% and part of the Group's deposits for IRR 2,300 million is Zagros Power Generation Co.'s deposit with Bank Eghtesad Novin with 20% profit.

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5- Commercial & Non-Commercial Receivables

	Note	Group		Parent Company	
		19.03.2016	20.03.2015	19.03.2016	20.03.2015
		IRR Million	IRR Million	IRR Million	IRR Million
Commercial:					
Tavanir Co.	5-1	5,197,850	8,368,984	0	0
Iran Electricity Network Management Co.	5-2	1,230,656	3,971	0	0
Damavand Electricity Network Management Co		23,492	18,485	0	0
South Kish Kaveh Steel Co.	5-3	0	594,418	0	0
SANA O&M Co.		0	32,142	41,881	32,141
MAPNA Group Co.		7,990	0	0	0
Azarakhsh Power Generation Co.		0	0	2,339,523	2,448,646
Kharramabad Power Generation Co.		0	0	162,045	140,052
Others		7,913	5,982	9,372	9,284
		6,467,901	9,023,982	2,552,821	2,630,123
Receivables	5-3	127,310	29,500	29,500	29,500
Staff (Loans & Advances)		7,251	2,489	2,842	2,489
Temporary Deposits		273	1,085		
Claim from Persons for selling Estates	5-4	14,645	32,875	14,645	32,875
National Development Investment Co.		16,450	16,450	16,450	0
Value-Added Tax	5-5	122,141	69,319	1,444	0
SABA Power & Energy Industry Co.		3,281	3,342	3,281	0
Others		30,374	5,710	215	20,694
		321,725	160,770	68,377	85,558
		6,789,626	9,184,752	2,621,198	2,715,681

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5-1- Claims from Tavanir Co. for remainder of electricity sale price is up to August 2015. The necessary follow-ups to collect the claims are underway.

5-2- Since July 2015 with respect to termination of guaranteed electricity sale to Tavanir contract, company's electricity is sold to electricity network management Co. at electricity market.

5-3- For claims from South Kish Kaveh Steel Co. related to contract on Tavanir's foreign currency transfer (EUR 50,000,000), 4 cheques were taken totaling IRR 594,418 million at maturity dates 21 May 2015, 21 June 2015 and 22 July 2015, out of which IRR 496,608 million was settled until the date of preparation of this report and the remainder for IRR 97,810 million was registered in receivable commercial documents account.

5-4- Claim from persons for sale of estates (explanatory note 7-1) has not yet settled due to delay in preparing title deed of sold units and inability in conveyance.

5-5- IRR 81 billion from value added tax account is related to MAPNA Co. and SANA O&M Co. statements (for keeping and using power plant) which is registered in the above title due to unsettled of value added tax belonging to electricity sale to Tavanir (content of item "V" article 1 of annexation of some articles to law of adjusting part of government's financial regulations).

6- Advances

	Note	Group		Parent Company	
		19.03.2016	20.03.2015	19.03.2016	20.03.2015
		IRR Million	IRR Million	IRR Million	IRR Million
Internal Advances:					
Assets Insurance		875	1,345	0	40
Services Purchase		1,689	1,461	1,412	1,407
Performance Tax		2,260	1,937	0	0
MAPNA Repairs Co.	6-1	178,943	139,789	0	0
Ta'amin Ejtemaee Insurance		0	5,007	0	0
Others		642	645	0	336
		184,409	150,184	1,412	1,783

6-1- According to consortium contract between Azarakhsh Power Generation Co. and MAPNA Group Co., EUR 100,000 monthly has been registered in accounts through the bill in order to making major repairs from July 2010 to March 2016 and following major repairs by the company, the whole amount is registered in assets according to accounting procedures and

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will be depreciated during the time to next major repair.

7- Assets Held for Sale & Liabilities related to Assets Held for Sale

	Group		Parent Company	
	19.03.2016	20.03.2015	19.03.2016	20.03.2015
	IRR Million	IRR Million	IRR Million	IRR Million
Land & Building	132,481	132,481	132,481	132,481

7-1- Items forming the non-current assets held for sale are related to two Mozarebeh contracts including one single contract no. 89/S/290 dated 9 Jan 2011 including IRR 130,000 million principal and IRR 47,208 million participation period interests and one single contract no. 89/S/302 dated 3 July 2010 including IRR 90,000 million principal and IRR 32,806 million participation period interests with SABA Electricity & Energy Co. which is paid in 2010 and settled against receiving estates. The Company is selling the estates.

(IRR Million)

Project	Purchase		Beginning of Year	End of Year Balance			Advances	Receivables
	No. of Units	Price		Price	Number	Price		
Bidar	6	106,150	1	1	17,170	17,170	18,000	0
Pegah Complex	4	47,030	1	1	12,377	12,377	16,500	0
Asef	4	42,755	3	3	35,210	35,210	0	868
Khark	3	8,945	1	1	8,949	8,949	4,690	0
Parsian Administrative	13	33,595	5	5	14,900	14,900	2,650	6,107
Parsian Commercial	12	61,539	8	8	43,875	43,875	12,123	7,670
Total	42	300,014	19	19	132,481	132,481	53,963	14,645

8- Long-term Investments

	Note	Group		Parent Company	
		19.03.2016	20.03.2015	19.03.2016	20.03.2015
		IRR Million	IRR Million	IRR Million	IRR Million
Investment in Affiliated Co.	8-1	0	8,939	0	0
Investment in Subsidiaries	8-2	0	0	1,775,969	1,775,964
Investment in Other Companies	8-3	209,100	209,105	208,180	208,185
		209,100	218,044	1,984,149	1,984,149

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8-1- Investment in Affiliated Co.

	Note	Group	
		19.03.2016	20.03.2015
		IRR Million	IRR Million
Investment in Affiliated Co.	8-1-1	0	7,964
Balance at the beginning of year		0	12,328
Share of Affiliated Co.'s Profit during the Period		0	(11,353)
Dividend received during the Period		0	8,939

8-1-1- Last year, SANA O&M Co. was among affiliated companies and as indicated in explanatory note 8-2-1, has fulfilled the control conditions in the reported year and has been liable to consolidation as subsidiary and investment has not been done as net worth due to non-significant cost of investment and results of Power Plant Development & Electric Co. operations (other affiliated companies).

8-2- Investment in Shares of Subsidiaries liable to Consolidation:

	Note	No. of Shares	Percent	Group		Parent Company	
				19.03.2016	20.03.2015	19.03.2016	20.03.2015
Azarakhsh Power Generation Co.		1223801999	59.99	0	0	1,223,802	1,223,802
Khoramabad Power Generation Co.		552,051,898	72.16	0	0	552,052	552,052
Zagros Power Generation Co.		59,990	59.99	0	0	60	60
Zanjan Power Generation Co.		9,997	99.97	0	0	10	10
Kermanshah Power Generation Co.		9,997	99.97	0	0	10	10
Ahvaz Power Generation Co.		9,997	99.97	0	0	10	10
Qaen Power Generation Co.		9,997	99.97	0	0	10	10
Ardabil Power Generation Co.		9,997	99.97	0	0	10	10
SANA O&M Co.	8-2-1	4,999	49.99	0	0	5	0
						<u>1,775,969</u>	<u>1,775,964</u>

8-2-1- In the reported year, SANA O&M Co. was liable to consolidation due to taking control.

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8-2-2- Subsidiaries & Affiliated Companies are detailed as follows:

Subsidiaries:	19.03.2016		20.03.2015		Percent of Investment
	Location		Parent Company		
	Group	Parent Company	Group	Parent Company	
Azarakhsh Power Generation Co.	Iran	60	60	60	Electricity & Generation Sale
Khoramabad Power Generation Co.	Iran	72.16	72.16	72.16	Electricity & Generation Sale
Zagros Power Generation Co.	Iran	60	60	60	Electricity & Generation Sale
SANA O&M Co.	Iran	49.99	99.97	49.99	Power Plant Repair & Use
Zanjan Power Generation Co.	Iran	0	99.97	99.97	No activity
Kermanshah Power Generation Co.	Iran	0	99.97	99.97	No activity
Ahvaz Power Generation Co.	Iran	0	99.97	99.97	No activity
Qaen Power Generation Co	Iran	0	99.97	99.97	No activity
Ardabil Power Generation Co.	Iran	0	99.97	99.97	No activity

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8-3- Investment in companies' stocks is detailed as follows:

	Group		Parent Company	
	19.03.2016	20.03.2015	19.03.2016	20.03.2015
	IRR Million	IRR Million	IRR Million	IRR Million
Investment in other companies:				
Power Plant Projects	200,000	200,000	200,000	200,000
Investment in Listed Companies' Stocks	4,250	4,250	3,380	3,380
Investment in other Companies' Stocks	4,850	4,855	4,800	4,805
	209,100	209,105	208,180	208,185

8-3-1- The amount of IRR 200 billion paid to Iran Electricity Development Organization (Parand, Ardabil, Orumiyeh, and Qaen Power Plants executor) based on request no. 983/41 dated 20 March 2006 of Iran Electricity Development Organization and in framework of agreement dated 11 June 2005 between SANA Co. and Tavanir Co. is related to completing and launching the said projects in the form of establishment of Zagros Power Generation Co. with the ownership of SANA Co. 60% and Tavanir Co. 40%. Power plants have been completed and are in use but are not delivered to Zagros Power Generation Co. This has led SANA Co. to submit a grievance according to which trial court and court of appeals ordered Tavanir Co. to increase its capital in Zagros Power Generation Co. by 40% in the form of contribution in kind and ownership transfer of the above power plants. But Tavanir Co. asked for appeal and court of appeal was held until the date of preparation of financial statements which approved the vote of trial court. The file has been sent to head of judiciary to implement article 18 of courts of first instance and revolutionary courts Establishment Act. In 2014, necessary follow-ups have been carries out through 2 letters sent from Moztasafan Foundation to the head of judiciary.

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9-Tangible Fixed Assets

9-1 Group's cost and accumulated depreciation of tangible fixed assets are as follows:

	Cost- IRR Million				Accumulated Depreciation- IRR Million				Book Value- IRR Million				
	Balance At the Beginning of The year	Beginning of the Year for SANA O&M ,Co	Added Assets during the Year	Sold Assets during the Year	Transfers & adjustments	Balance At the end of The year	Balance at the beginning of the year	Beginning of the Year for SANA O&M ,Co	Depreciation of the fiscal year	Accumulated Depreciation of Sold Assets	Balance At the end of The year	2015- 2016	2014- 2015
Land	88,978	0	0	0	0	88,978	0	0	0	0	0	88,978	88,978
Building & Installations	1,125,946	0	180	0	0	1,126,126	173,019	0	46,383	0	219,402	906,724	952,927
Equipment	6,908,855	0	217	(241)	145	6,909,217	672,516	0	241,869	0	914,385	5,994,832	6,236,339
Motor vehicles	2,487	0	0	(24)	0	2,246	1,837	0	170	(226)	1,781	465	650
Furniture	6,659	668	2,277	(28)	0	9,576	2,263	319	816	(19)	3,379	6,197	4,396
Tools	0	368	36	0	0	404	0	117	41	0	158	246	0
Software	150	285	263	0	0	698	15	177	41	0	233	465	135
	8,133,075	1,321	2,973	(269)	145	8,137,245	849,650	613	289,320	(245)	1,139,338	6,997,907	7,283,425
Assets under Completion	1,134,224	0	145,209	0	(145)	1,279,288						1,279,288	1,134,224
Orders & Capital Prepayments	902,668	0	0	0	(1,177)	901,491						901,491	902,668
	10,169,967	1,321	148,182	(269)	(1,177)	10,318,024	849,650	613	289,320	(245)	1,139,338	9,178,688	9,320,317

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9-2- Parent Company's cost and accumulated depreciation of tangible fixed assets are as follows:

	Cost- IRR Million			Accumulated Depreciation- IRR Million			Book Value- IRR Million			
	Balance At the Beginning of The year	Added Assets during the Year	Sold Assets during the Year	Balance At the end of The year	Balance At the Beginning of The year	Depreciation of the fiscal year	Accumulated Depreciation of Sold Assets	Balance At the end of The year	Balance at 19 March 2016	Balance at 19 March 2015
Land	71,820			71,820	0	0		0	71,820	71,820
Building & Installations	112,316			112,316	129	7,862		7,991	104,325	112,187
Equipment	12,470			12,470	0	873		873	11,597	12,470
Motor vehicles	498		68	430	403	23	63	363	67	95
Furniture	5,156	2,080		7,236	1,472	560		2,032	5,204	3,684
Software	104	265		369	0	0	0	0	369	104
Total	202,364	2,345	68	204,641	2,004	9,318	63	11,259	193,382	200,361

9-3- Group and Parent Company's entire buildings and furniture are insured at cost against probable risks resulted from fire, flood, earthquake and explosion.

9-4- In 2015-16, SANA O&M Co. was liable to consolidation. Thus, a column was added to beginning of fixed assets period to display it.

9-5- According to the follow-ups by Azarakhsh Power Generation Co. for transfer of power plant land, cabinet's approval was taken and was announced to thermolectric generation specialized Parent Company. Therefore, with respect to claim of Housing & Urban Development Organization and relator for land ownership, the conveyance deed is being followed up.

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9-6- Orders & Investment Prepayments are as follows:

	Note	Group	
		19.03.2016	20.03.2015
		IRR Million	IRR Million
Investment Prepayments of Khoramabad Power Plant	9-6-1	885,223	886,399
Orders & Investment Prepayments of Aliabad Power Plants		16,268	16,268
		901,491	902,667

9-6-1- Investment prepayments are mainly related to payments made to MAPNA Co. according to the contract for IRR 534,605 million and prepayments for IRR 351,793 million for opening an L/C (power plant equipment).

9-7- Assets under Completion

	Percent of Completion		Estimated Date of Use	Estimated Completion Expenses	Accumulated Expenses	
	2015-2016	2014-2015		19.03.2016	20.03.2016	2014-2015
				IRR Million	IRR Million	IRR Million
Building Khoramabad Power Plant	36.24	35	21.01.2018	7,329,843	1,279,288	1,134,079
Azarakhsh Power Generation Co.	0	100		0	0	145
				7,329,843	1,279,288	1,134,224

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10- Commercial & Non-Commercial Payables

10-1- Short-term Payables

	Note	Group		Parent Company	
		19.03.2016	20.03.2015	19.03.2016	20.03.2015
		IRR Million	IRR Million	IRR Million	IRR Million
Commercial:					
MAPNA O&M Co.	10-1-1	23,484	1,014,185	0	0
MAPNA Power Plants Construction Development Co.		124,452	34,563	0	0
MAPNA Co.	10-1-2	1,142,214	170,659	0	0
Other Parties		3,901		0	0
		1,294,051	1,219,407	0	0
Non-Commercial:					
Documents Payable	10-1-3	92,373	1,933	678	678
Premium Payable		1,170	330	417	330
Good Performance Deposit		208,406	230,729	136	75
Insurance Deposit		55,128	73,174	323	0
SABA Electricity & Energy Co.		5,703	0	0	0
Expenses Payable		6,993	5,441	589	65
Mr. Mohammad Hossein Gholami		11,500	0	11,500	0
Withholding Tax		28,517	48,398	56	165
Shareholders		20,825	0	0	0
Others		41,362	21,154	11,000	10,016
		471,977	381,159	24,699	11,329
		1,766,028	1,600,566	24,699	11,329

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10-1-1- Debt to MAPNA O&M Co. (as second-hand contractor) related to Zagros Power Generation Co. which was active regarding using, repairing and maintenance of Parand Power Plant. The contract ended in fiscal year 2007-2008 and has not yet settled due to inadequate liquidity and debt to Social Security Organisation which has remained outstanding. Boards of directors' follow-ups continue in this regard.

10-1-2- It is related to monthly turnover according to bill and consortium between Azarakhsh Power Generation Co.- Iran Power Plant Management Co. LTSA for main repairs from July 2010 to 20 March 2016.

10-1-3- Balance of non-commercial payable documents is for paying installments of performance tax 2010-11 of Azarakhsh Power Generation Co.

10-2- Long-term Payables:

	Note	19.03.2016	20.03.2015
		IRR Million	IRR Million
Group:			
Commercial:			
Other Parties	10-2-1	93,500	93,500

10-2-1- The above amount is for fund received from Tavanir Co. by Khoramabad Power Plant Co. regarding prepayment for electricity guaranteed sale contract which will be deducted from sale bills following using power plant and electricity generation.

11- Tax Payable

11-1- Group's tax payable turnover is as follows:

	Group	
	19.03.2016	20.03.2015
	IRR Million	IRR Million
Balance at the beginning of year	73,705	1,032,032
Performance Tax Provision	0	0
Performance Tax Provision Adjustment for prior years	523,577	0
Paid during the year	(58,340)	0
	538,942	1,032,032
Tax Prepayments	-8,081	0
	530,861	1,032,032

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11-1-1- Since all the subsidiaries either had no profit & loss or had pre-operation loss or were tax free, no tax was claimed for their operation.

11-1-2- Azarakhsh Power Generation Co. has not allocated any tax provision for 2009-10 operations in books and documents regarding investigation for the said year have been submitted to tax admission organization. The company is also liable to exemption under article 132 for 10 years since date of operation 14 March 2011 based on Tax Arbitration Board's verdict no. 11073 dated 23 September 2015. In this regard, in the reported year, net difference of tax provision and actual tax amount for 2010 to 2014 totaling IRR 276,966 million was registered in other non-operational income and expenses (explanatory note 24).

11-1-3- Fiscal year corporation tax of Khoramabad Power Generation Co. for 2013-14 was investigated and tax assessment no. 17186887 dated 19 September 2015 was issued and the company's protest is being investigated in lower court.

11-1-4- Fiscal year corporation tax of Zagros Power Generation Co. for 2013-14 was calculated following statutory exemption and tax assessment was issued after tax assessor's investigation. The company has protested at the issued tax assessment.

11-1-5- SANA O&M Co.'s corporation taxes for 2009-10, 2012-13 and 2013-14 were investigated. 2009-2010 issue is related to loss approved by tax office and 2012-13 and 2013-14 issues are related to non-acceptance of insurance provision and overhaul as accepted expenses. The company has protested at the issued tax assessment and issue is being investigated in Tax Affairs Organization.

11-1-6- Performances of Khoramabad Power Generation Co. and SANA O&M Co. for 2014-15 have not investigated by tax authorities.

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11-2- Summary of Parent Company's Tax Status

Fiscal Year	Stated Profit	Income liable to Stated Tax	19.03.2016 (IRR Million)				20.03.2015 (IRR Million)			Method of Assessment
			Stated	Assessed	Actual	Paid	Balance Payment	Tax Payable		
2011-2012	435,997	44,688	11,172	14,157	14,157	14,157			Books	
2012-2013	367,390	20,517	5,129	12,139	0	6,052			Books	
2013-2014	1,241,761	0	0	575	0	0			Books	
2014-2015	1,592,467	0	0	1,869	0	0			Books	
2015-2016	718,694	0	0	0	0	0	685		Not investigated	
							<u>685</u>	<u>685</u>		

11-2-1- Taxes before 2011 have been finalized and settled.

11-2-2- Corporation tax assessment 2012-13 was issued and was the subject of protest. For the year 2013-14, no provision was taken with respect to absence of non-exempt income.

11-2-3- Corporation tax assessment 2014-15 for IRR 1,869 million subject of article 59 Direct Taxes Act (fixed tax of sold estates) was issued by tax office and was the subject of protest by the company.

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12 -Dividend Payable

	19.03.2016	20.03.2015
Parent Company:	IRR Million	IRR Million
Years before 2010-2011		147
2011-2012	0	160
2012-2013	0	291
2013-2014	1,156	145
2014-2015	289,381	896,871
2014-2015	1,308,538	
	1,599,075	897,614
Group:		
Subsidiaries- belonging to minority	1,153,668	665,770
	2,752,743	1,563,384

13- Financial Facilities

	19.03.2016			20.03.2015		
	IRR Million	IRR Million	IRR Million	IRR Million	IRR Million	IRR Million
Group:						
Facilities Received	6,346,716	2,206,084	8,552,800	5,359,252	3,055,628	8,414,880

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13-1- Facilities received according to different bases

13-1-1- Broken down into providers of finance.

	Group	
	19.03.2016	20.03.2015
	IRR Million	IRR Million
Banks	7,461,239	7,586,419
Profit & Commissions of Future Years	63,830-	188,691-
	7,397,409	7,397,728
Long-term Portion	(2,206,084)	(3,055,628)
	5,191,325	4,342,100
Profit & Commissions & Outstanding Penalties	1,155,391	1,017,152
Current Portion	6,346,716	5,359,252

13-2-1- As detailed by profit rate and commission

	Group	
	19.03.2016	20.03.2015
	IRR Million	IRR Million
LIBOR rate+3% per six months	7,557,678	7,543,849
LIBOR rate+2% per six months	995,122	871,031
	8,552,800	8,414,880

13-2-2- As detailed by payment schedule

	Group	
	19.03.2016	20.03.2015
	IRR Million	IRR Million
Overdue Installments	5,994,884	4,944,856
2015-2016	0	1,196,957
2016-2017	1,346,954	1,196,957
2017-2018	1,210,962	1,076,110
	8,552,800	8,414,880

Iran Power Plant Investment Company- SANA (Joint Stock)
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13-2-3- As detailed by collateral type:

	Group	
	19.03.2016	20.03.2015
	IRR Million	IRR Million
Against building & equipment	7,930,910	7,792,990
Against cheques & promissory notes	1,890	1,890
Against other assets	620,000	620,000
	8,552,800	8,414,880

13-2-4- Azarakhsh Power Generation Co. has reached new agreements as to how to repay the bank's facilities in 2014-15. Thus, a new repayment schedule has been issued and announced by bank. Worth mentioning that according to the negotiations with bank and agreement with Tavanir Co. for payment of part of company's claims to Bank of Industry & Mine in the new timetable, the first and second installments reduced from EUR 19 million to EUR 4 million.

13-2-5- With respect to contents of Removing Obstacles in Competitive Production Act and improving national financial system approved in 2015, executive bylaw article 20 of said law approved by Board of Ministries on 22 July 2015 and civil partnership contract between company and Bank Industries & Mines, cabinet decree no. 10959 and letter no. 8890 dated 2 May 2016 by Bank of Industries & Mines, the Company is eligible to use the said regulations. Azarakhsh Power Generation Co.'s debt amount to Bank of Industries & Mines will therefore decrease in the event of F/X rate decrease and penalties return.

13-2-6- Facilities received from Bank Melli Iran, Mirdamad branch by Khoramabad Power Generation Co. include EUR 27,946,725 principal and EUR 1,377,645 profit and commission. The first maturity date after grace period falls at 18 September 2015. The company is negotiating to extend the grace period due to lack of liquidity and lack of allocation by National Development Fund and not activating project operation.

Iran Power Plant Investment Company- SANA (Joint Stock)
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14- Provisions

	19.03.2016				20.03.2015	
	Balance at the beginning of year	Increase	Consumption	Unused provision return	Balance at the end of year	Balance at the end of year
Group:						
Insurance Provision	63,389	10,435	0		73,824	0
Overhaul Provision	102,988	10,517		10,517	102,988	0
Others	103	1,230	103		1,230	0
	166,480	20,952	103	10,517	178,042	0

15- Advances

Advances from customers:	Group		Parent Company	
	19.03.2016	20.03.2015	19.03.2016	20.03.2015
	IRR Million	IRR Million	IRR Million	IRR Million
Other customers	53,963	49,313	53,963	49,313

15-1- Advances are related to funds received from sale of estates and assets during prior years (as per note 7-1).

16- Provision for Staff Work Termination Benefits

	Group		Parent Company	
	19.03.2016	20.03.2015	19.03.2016	20.03.2015
	IRR Million	IRR Million	IRR Million	IRR Million
Balance at the beginning of Year	5,871	1,679	2,377	1,679
Paid during the Year	(1,428)	(130)	(1,303)	(130)
Provision Provided	3,058	827	1,213	827
Balance at the end of Year	7,501	2,376	2,287	2,376

Iran Power Plant Investment Company- SANA (Joint Stock)
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17- Capital

The Company's capital is 2,441,100,000 shares, each IRR 1,000 with names and all paid in. The shareholders' composition at balance sheet date is as follows:

	19.03.2016		20.03.2015	
	No. of shares	Percent of shares	No. of shares	Percent of shares
SABA Electricity & Energy Industry Co.	1,404,974,660	57.55	953,190,000	57.38
MAPNA Group (joint stock)	428,992,216	17.57	291,917,158	17.57
National Development Group Investment Co. (joint stock)	365,040,778	14.95	248,400,000	14.95
Shahed Co. (joint stock)	85,086,831	3.49	57,899,200	3.49
Omid Investment Management Co. (joint stock)	29,832,237	1.22	32,536,800	1.22
Boo Ali Investment Co. (joint stock)	20,815,725	0.96	20,300,000	0.96
Sobhan Investment Co. (joint stock)	11,932,895	0.49	16,000,000	0.49
Sina Financial Investment Specialized Parent Company	47,015,676	1.93	8,120,000	1.96
Others (1109 shareholders including natural and legal persons)	47,408,982	1.81	32,736,842	1.98
	2,441,100,000	100	1,661,100,000	100

17-1- In the reported year, according to the Company's extraordinary general assembly approval dated 23 January 2014, the Company's capital increased from IRR 1,661,100 million to IRR 2,441,100 million.

18- Legal Reserve

According to contents of articles 140 and 238 of Commercial Code as amended in 1968 and article 73 articles of association in the reported year, IRR 35,935 million has been transferred from parent company's allocable profit to legal reserve. According to the said articles, it is required to transfer one twentieth of annual net profit to the above reserve to reach 10 percent of the company's capital. Legal reserve is not transferable to capital and is not divisible to shareholders except the time of dissolution of the company.

Iran Power Plant Investment Company- SANA (Joint Stock)
Notes to the Financial Statements
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19- Minority Interest

	19.03.2016	20.03.-2015
	IRR Million	IRR Million
Capital	1,028,999	1,028,992
Legal Reserve	83,377	83,376
Retained Earnings	483,464	1,024,987
	1,595,840	2,137,355

20- Operational Income

	Note	Group		Parent Company	
		2015-2016	2014-2015	2015-2016	2014-2015
		IRR Million	IRR Million	IRR Million	IRR Million
Net Sale	20-1	2,758,669	3,495,949	0	0
Investments Profit	20-2	128	117	716,395	1,541,222
		2,758,797	3,496,066	716,395	1,541,222

20-1- In Azarakhsh Power Generation Co. and based on ECA agreement, monthly bills including energy generation and units readiness are calculated and issued until 21 July 2015 and energy rate and readiness was mentioned in the contract and monthly adjustment coefficient was also calculated according to conventional formula and multiplied in monthly rate. Subsequently, with respect to ending of ECA contract and sale of company in power market, income resources are categorized into 4 titles i.e. energy sale, readiness sale, opportunity failure sale and peripheral services based on issued bills.

20-2- Reduction in sale amount of Azarakhsh Power Generation Co. in the reported year compared to the previous year is due to reduction in electricity sale rate with respect to end of guaranteed sale contract i.e. ECA contract.

Iran Power Plant Investment Company- SANA (Joint Stock)
Notes to the Financial Statements
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20-3- Investments Profit

	Note	Group		Parent Company	
		2015-2016	2014-2015	2015-2016	2014-2015
		IRR Million	IRR Million	IRR Million	IRR Million
Companies' Dividend	20-3-1	128	117	716,395	1,529,874
Affiliated Companies' Dividend		0	0	0	11,348
		128	117	716,395	1,541,222

20-3-1- Companies' Dividend

	Note	Group		Parent Company	
		2015-2016	2014-2015	2015-2016	2014-2015
		IRR Million	IRR Million	IRR Million	IRR Million
Niroo Investment Co.		0	75	0	75
Iran Energy Exchange Co.		128	42	128	42
Azarakhsh Power Generation Co.		0	0	713,476	1,529,752
SANA O&M Co.		0	0	2,779	11,348
Zagros Power Generation Co.				12	0
Power Plant Development & Electric Energy Co.		0	0	0	5
		128	117	716,395	1,541,222

Iran Power Plant Investment Company- SANA (Joint Stock)
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20-4- The comparative table of the Group's operational income and cost of operational income:

	Operational income	Cost of operational income	Gross profit	Gross profit to operational income (%)
	IRR Million	IRR Million	IRR Million	
Electricity Sale Income	2,758,669	825,135	1,933,534	70.09

21- Group's Cost of Operational Income:

	Note	2015-2016	2014-2015
		IRR Million	IRR Million
Cost of sent statements	21-1	190,491	394,708
Depreciation expenses		283,028	280,132
All-risk Insurance expenses		9,177	10,432
Power Plant fuel	21-2	251,468	0
Salary		36,893	0
Direct Overheads		34,609	0
Indirect Overheads		8,663	0
Consumer Materials		2,027	0
Others		8,779	628
		825,135	685,900

21-1- The above cost relates to Aliabad Power Plant which according to agreement dated 22 June 2010 concluded with SANA O&M Co., it was laid down services such as putting into use or main periodic repairs of Aliabad open cycle be carried out by the said company and related bills be sent to Azarakhsh Power Generation Co.

21-2- With respect to electricity sale contract at market with Iran Electricity Network Management Co., expenses for power plant fuel and using network transfer equipment for generating electricity are on Azarakhsh Power Generation Co. whereas in the prior years, it had been on Tavanir Co. with respect to ECA contract.

Iran Power Plant Investment Company- SANA (Joint Stock)
Notes to the Financial Statements
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22- General & Administrative Expenses

	Group		Parent Company	
	2015-2016	2014-2015	2015-2016	2014-2015
	IRR Million	IRR Million	IRR Million	IRR Million
Salary & Benefits	20,699	11,208	16,752	10,669
Board of Directors' Members Bonus	2,940	2,093	1,700	1,500
Counselors' Fee	2,228	3,435	3,656	3,464
Purchase of Services	10,167	1,948	3,893	2,237
Auditory Expenses	2,095	2,099	944	1,347
Consumer Materials & Supplies	1,934	1,121	2,208	1,415
Entertainment	1,838	1,170	1,483	1,152
Depreciation of Tangible Fixed Assets	3,326	686	9,319	997
Membership Right	1,098	113	882	188
Board of Directors Sessions Attendance Right	1,080	682	498	198
Utilities	475	306	534	289
Publication and Advertisement	1,661	337	1,121	0
Assets Repair & Maintenance	1,690	522	1,477	52
Travels and Missions	655	682	348	153
Training	175	101	0	0
Others	10,686	7,057	6,934	3,471
	62,747	33,560	51,749	27,132
Group's Companies Shares from Common Expenses:				
Azarakhsh Power Generation Co.	0	0	15,980	4,872
SANA O&M Co.	0	0	5,790	2,385
Khoramabad Power Generation Co.	0	0	5,292	4,651
Zagros Power Generation Co.	0	0	0	426
	0	0	27,062	12,334
	62,747	33,560	24,687	14,798

Iran Power Plant Investment Company- SANA (Joint Stock)
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23- Financial Expenses

	Group	
	2015-2016	2014-2015
	IRR Million	IRR Million
Loans Received:		
Banks	88,087	969,558
Other Persons		0
Others	226	0
	88,313	969,558

24- Other Non-Operational Income & Expenses

	Note	Group		Parent Company	
		2015-2016	2014-2015	2015-2016	2014-2015
		IRR Million	IRR Million	IRR Million	IRR Million
Profit from Banking Investment Deposits and Other Securities		156,172	46,889	26,922	28,148
Profit (Loss) from Sale of Tangible Fixed Assets		164	37,895	64	0
Dividend		87	229	0	0
Profit (Loss) from Conversion of Foreign Currency Assets & Liabilities not Related to Operations	24-1	(1,146,309)	941,094	0	0
Account Corrected for Performance Tax Provision Return of Prior Years	11-1-2	276,966	0	0	0
Profit from Power Plant Substation Transfer		0	36,590	0	0
Others		139,376	68,180	0	37,895
		(573,544)	1,130,877	26,986	66,043

24-1- Loss from F/X conversion for conversion of EUR balance of principal, interest and penalty of facilities received from Bank of Industries & Mines, considering EUR exchange rate rise at the reporting date.

Iran Power Plant Investment Company- SANA (Joint Stock)
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25- Basis for Calculating Profit (Loss) per Share

	Group		Parent Company	
	2015-2016	2014-2015	2015-2016	2014-2015
	IRR Million	IRR Million	IRR Million	IRR Million
Operational Profit	1,872,741	2,788,934	691,708	1,526,424
Tax Effect	(2,706)	0		0
Minority Interest from Operational Profit	(759,195)	(1,117,223)		
	1,110,840	1,671,711	691,708	1,526,424
Non-Operational Profit (Loss)	(661,857)	161,319	26,986	66,043
Tax Effect	0			0
Minority Interest from Non-Operational Profit	275,696	(37,587)	0	0
	(386,161)	123,732	26,986	66,043
Net Profit	1,210,884	2,950,253	718,694	1,592,467
Tax Effect	(5,412)	0	0	0
Minority Interest from Net Profit	(483,499)	(1,154,810)	0	0
	721,973	1,795,443	718,694	1,592,467

	Group		Parent Company	
	2015-2016	2014-2015	2015-2016	2014-2015
	IRR Million	IRR Million	IRR Million	IRR Million
No. of Ordinary Stock at Balance Sheet Date	2,441,100	1,661,100	2,441,100	1,661,100

Iran Power Plant Investment Company- SANA (Joint Stock)
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Earnings per Share:

	Group		Parent Company	
	2015-2016	2014-2015	2015-2016	2014-2015
	IRR Million	IRR Million	IRR Million	IRR Million
Operational- IRR	455	1,006	283	919
Non-Operational- IRR	(158)	74	11	40
Earnings per Share	297	1,081	294	959

26- Annual Adjustments

	Group	
	2015-2016	2014-2015
	IRR Million	IRR Million
Legal Reserve Correction	0	59,249
Azarakhsh Power Generation Co.'s Payable Tax Adjustment	0	(1,031,347)
	0	(972,098)

Iran Power Plant Investment Company- SANA (Joint Stock)
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27- Compliance Statement of Operational Profit (Loss)

Reconciliation statement of operational profit (loss) with net cash flow from operational activities is as follows:

	Group		Parent Company	
	2015-2016	2014-2015	2015-2016	2014-2015
	IRR Million	IRR Million	IRR Million	IRR Million
Operational Profit	1,872,741	2,776,606	691,708	1,526,424
Depreciation Cost of Tangible Fixed Assets & Intangible Assets	289,376	280,951	9,320	997
Net Increase in Staff Work Termination Benefits Provision	5,125	697	0	697
Decrease (Increase) of Accounts and Operational Receivable Documents	254,852	(2,476,608)	(534,020)	0
Decrease (Increase) of Prepayments	(34,225)	(42,028)	371	(1,303,821)
Increase in Operational Payables	343,504	375,349	13,281	(460)
Decrease in Operational Advances	4,650	31,875	4,649	632
Other Non-Operational Income & Expenses	133,492	104,724	0	31,873
	2,867,873	1,051,566	185,309	256,342

Iran Power Plant Investment Company- SANA (Joint Stock)
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28- Non-cash Transactions

	Group		Parent Company	
	2015-2016	2014-2015	2015-2016	2014-2015
	IRR Million	IRR Million	IRR Million	IRR Million
Acquisition of Tangible Fixed Assets against Financial Facilities	0	46,509	0	0
Non-cash Sale of Fixed Assets from Dividend	0	34,000	0	34,000
	0	80,509	0	34,000

29- Commitments, Contingent Liabilities and Contingent Assets

29-1- At Khoramabad Power Generation Co.'s balance sheet and based on 2015-16 estimates, Capital Commitments resulted from contracts approved related to building synthetic light block for Khoramabad Power Generation Co. as EPC by MAPNA Co. totaling EUR 203,463,028.

29-2-Contingent liabilities subject of article 235 Commercial Code as amended in Parent Company are as follows:

	2015-2016	2014-2015
	IRR Million	IRR Million
Azarakhsh Power Generation Co.'s Promissory Note endorsed in favour of Bank of Industries & Mines	1,920,000	1,920,000
Azarakhsh Power Generation Co.'s Cheque endorsed in favor of SABA Investment Co.	425,580	425,580
Certified Cheque submitted to MAPNA Co. for guarantee of agreement no. 1400/3121	977,000	977,000
Khoramabad Power Generation Co.'s Promissory Note endorsed in favor of Bank Pasargad	261,583	261,583
Khoramabad Power Generation Co.'s Promissory Note endorsed for Opening L/C	1,486,000	1,486,000
	5,070,163	5,070,163

29-3- The Company has no capital commitments on balance sheet date.

30- Events after Balance Sheet Date

No events have occurred during the period between balance sheet date and financial statements approval date which require financial statements adjustment.

Iran Power Plant Investment Company- SANA (Joint Stock)
Notes to the Financial Statements
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31- Transactions with Affiliated Persons

31-1- Group's Transactions with Affiliated Persons during the Reported Year

Description	Affiliated Person	Affiliation Type	Liable to Article 129	Purchasing Goods & Services	Selling Goods & Services	Received Facilities	Granted Facilities	Guarantees Granted/ Received	Buy/Sell
Affiliated Companies	Azarakhsh Power Generation	MAPNA Group		1,129,169					
	SANA O&M	MAPNA O&M			1,826				
Common Under-Control Companies									
Influential Shareholders									
Company's main managers and their main commercial units									
Other Affiliated Persons									
Total				1,129,169	1,826				

Iran Power Plant Investment Company- SANA (Joint Stock)
Notes to the Financial Statements
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31-2- Group's affiliated Persons Final Account Balances

Description	Affiliated Person	Commercial Receivables	Non-Commercial Receivables	Facilities Granted	Prepayments	Commercial Payables	Non-Commercial Payables	Facilities Received	Dividend Payable	2015-2016		2014-2015	
										Claims	Debits	Claims	Debits
Final Main Commercial Units													
Affiliated Companies	Azarakhsh Power Generation				178,943	1,129,169	209,989		1,100,634		2,618,735		1,578,912
	SANA Repairs	1,844	146				1,628		6	356			1,632
Common Under-Control Companies													
Influential Shareholders													
Company's Main Managers and their Main Commercial Units													
Other Affiliated Persons													
Total		1,844	146	0	178,943	1,129,169	211,617	0	1,100,640	356	2,618,735	0	1,580,544

Iran Power Plant Investment Company- SANA (Joint Stock)
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31-3- Parent Company's Transactions with Affiliated Persons during the Reported Year

Description	Affiliated Person	Affiliation Type	Liable to Article 129	Purchasing Goods & Services	Selling Goods & Services	Received Facilities	Granted Facilities	Guarantees Granted/Received	Buy/Sell
Subsidiaries	Azarakhsh Power Generation	Common Member of Board of Directors			22,770				
	Khoramabad Power Generation	Common Member of Board of Directors			87,407				
	SANA O&M	Common Member of Board of Directors			6,960				
	Total				117,137				
Final Main Commercial Units									
Affiliated Companies									
Common Under-Control Companies									
Influential Shareholders									
Company's Main Managers and their Main Commercial Units									
Other Affiliated Persons	Zagros Power Generation	Subsidiary			391				
Total					117,528				

Iran Power Plant Investment Company- SANA (Joint Stock)
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Description	Affiliated Person	Commercial Receivables	Non-Commercial Receivables	Facilities Granted	Prepayments	Commercial Payables	Non-Commercial Payables	Facilities Received	Dividend Payable	2015-2016		2014-2015	
										Claims	Debts	Net	Claims
	Azarakhsh Power Generation		1,626,046	0	0	0	0	0	0	1,626,046	0	2,448	0
Subsidiaries	Khormabad Power Generation		162,045	0	0	0	0	0	0	162,045	0	140,052	0
	SANA O&M Co		41,881	0	0	0	0	0	0	41,881	0	0	0
Final Main Commercial Units	SABA Electricity & Energy Co.		0	0	0	0	0	0	211,068	3,281	0	3,281	0
Subsidiary	Zagros Power Generation		3,460	0	0	0	0	0	0	3,460	0	3,383	0
Total			1,833,432	0	0	0	0	0	211,068	1,833,253	0	145,781	0

Iran Power Plant Investment Company- SANA (Joint Stock)
Notes to the Financial Statements
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31-4- Parent Company's affiliated Persons Final Account Balances

31-5- Transactions with affiliated persons have not been significantly different from conditions existing in actual transactions.

32- Retained Earnings at the End of Year

End of year retained earnings appropriation is subject to shareholders' general assembly approval in the following cases:

	Amount IRR Million
Statutory Duties (according to article 90 Commerce Code as Amended)	
Dividing at least 10% of net profit for 2015-2016	71,869
Board of Directors' Suggestion	
Board of Directors' Proposed Dividend almost equivalent to 97% of retained earnings in 20 March 2016 and IRR 300 per share	732,330

33- Foreign Currency Status

Foreign currency assets and liabilities at the end of year is as follows:

	USD	CHY	Dinar	EUR	EUR
Group:					
Foreign Currency & Monetary Assets	2,735	780	17,250	500	0
Orders & Prepayments	0	0	0	0	24,383,725
Financial Facilities	0	0	0	(252,994,460)	(295,776,271)
	2,735	780	17,250	(252,993,960)	(271,392,546)

33-1- Azarakhsh Power Generation Co.'s foreign currency financial facilities received from Bank Industries & Mines include EUR 206,486,843 principal and EUR 37,737,685 interest until date of report.

33-2- Khoramabad Power Generation Co.'s foreign currency financial facilities received from Bank Melli Iran include EUR 27,946,436 principal and EUR 1,377,934 interest until date of report.