



Tehran Stock Exchange Corporation

Interim Financial Statements

Auditors' Independent Review Report

Notes to Interim Financial Statements

For the 6 Months Fiscal Period Ended September 22, 2007

In the Name of God

**Farivaran
Auditing firm**

Auditors' Independent Review Report
To the Board of Directors of
Tehran Stock Exchange Corporation

1. We have reviewed the balance sheet of Tehran Stock Exchange Corporation as of September 22, 2007 and the income and cash flow statements of the Company for the 6 months fiscal period ended September 22, 2007, together with notes 1-14 thereof. The responsibility of financial statements is with the company's Board of Directors and our responsibility is to report on the financial statements based on our review.
2. We conducted our review in accordance with the Auditing Standard "Review of Financial Statements". These standards require that we plan and perform the review to obtain reasonable assurance about whether the financial statements are free from material misstatements. A review of interim financial information includes making inquiries of employees and applying analytical procedures. A review is substantially less in scope than an audit conducted in accordance with the Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
3. Based on review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Accounting Standards.

December 5, 2007

Farivaran Auditing firm

Tehran Stock Exchange Corporation
Interim Financial Statements
for the 6 Months Fiscal Period Ended September 22, 2007

Board of Directors

We would like to submit the interim financial statements of Tehran Stock Exchange Corporation for the 6 months fiscal period ended September 22, 2007. Components of the financial statements are as followings:

- Balance sheet
- Income statement
 - Retained earnings account
- Cash flow statement
- Notes to the Accounts:
 - a) History of the Company activities
 - b) Basis for preparation of financial statements
 - c) Significant accounting policies
 - d) Other notes to the financial statements and other financial information

The financial statements have been prepared according to the Accounting Standards and approved by the Board of Directors on November 1, 2007.

Members of the Board of Directors	Position
Mostafa Omidghaemi	Chairman (non-executive)
Nasrollah Barzani	Vice chairman (non-executive)
Mehdi Sanaee Fard	Non-executive member
Mohammad Aram Bon yaar	Non-executive member
Sadegh Ajami	Non-executive member
Ali Rohi	Non-executive member
Hashem Bozarjmehr	Non-executive member
Ali Rahmani	Managing Director

Tehran Stock Exchange Corporation
Balance Sheet
as of September 22,2007

Assets	Note	September 22,2007		March 20,2007	Liabilities and Shareholder's Equity	Note	September 22,2007		March 20,2007
		Million Rials	Thousand Dollars	Thousand Dollars			Million Rials	Thousand Dollars	Thousand Dollars
Current Assets:					Current Liabilities:				
Cash	4	17,287	1,854.85	4,009.72	Trade Accounts Payable		1,089	116.81	575.14
Short-term investments	5	161,500	17,328.33	12,768.24	Other Accounts Payable	8	12,240	1,313.31	
Trade receivables	6	11,287	1,211.03	247.12	Dividend Payable		632	67.84	
Other receivables		466	49.99	305.77					
Prepayments		148	15.88	2.42	Tax Provision		3,600	386.27	
Total Current Assets		190,688	20,460.08	17,333.27	Total Current Liabilities		17,561	1,884.23	575.14
Non-current Assets :					Non-current Liabilities:				
Tangible Fixed assets	7	1,266	135.79	72.03	Provision for employees' termination benefits		455	48.79	9.27
Intangible assets		27	2.91	2.91					
Other assets		428	45.92	16.94					
Total Non-current Assets		1,721	184.62	91.88	Total Liabilities		18,016	1,933.02	584.41
					Shareholders' Equity				
					Paid-in capital	9	150,000	16,094.42	16,094.42
					Legal reserve	10	1,416	151.92	37.34
					Prudential reserve	10	5,663	607.66	149.36
					Retained earnings		17,314	1,857.68	559.62
					Total Shareholders' Equity		174,393	18,711.68	16,840.74
Total Assets		192,409	20,644.70	17,425.15	Total Liabilities and Shareholders' Equity		192,409	20,644.70	17,425.15

1USD=9,320 Rials

Tehran Stock Exchange Corporation
Income Statement
for 6 months fiscal period
ended September 22,2007

	Note	for 6 months fiscal period ended September 22,2007		for 3 month & 15 days fiscal period ended March 20,2007
		Million Rials	Thousand Dollars	Thousand Dollars
Revenue:				
Commission from Trading		21,213	2,276.07	
Brokerage Fees		13,078	1,403.18	647.76
Listing Fees		9,334	1,001.48	73.72
Total revenues		43,625	4,680.73	721.48
Operating expenses:				
Employees expenses	11	(10,879)	(1,167.30)	(248.90)
Other operating expenses	12	(18,345)	(1,968.36)	(728.13)
Total operating expenses		(29,224)	(3,135.66)	(977.03)
Operating profit (loss)		14,401	1,545.07	(255.55)
Net other non-operating income and expenses	13	10,557	1,132.74	1,001.87
Income before tax		24,958	2,677.81	746.32
Tax		(3,600)	(386.27)	
Net income		21,358	2,291.54	746.32
Number of Shares -end of fiscal year (millions)		150	150	150
Earning per share -Rial/Dollar		143	0.015	0.005
Dividend per share-Rial/Dollar				0.003

Retained Earnings Turnover

Net income		21,357	2,291.54	746.32
Opening Accumulated income		5,216	559.62	
Decisions of Shareholders' General Meeting:				
Dividend Approved in 2006-2007		(3,750)	(402.36)	
Board of Directors Bonus in 2006-2007		(170)	(18.24)	
Retained Income after the General Meeting		1,296	139.02	
Allocatable Income		22,653	2,430.56	746.32
Income Allocation:				
Legal reserve		(1,068)	(114.58)	(37.34)
Prudential reserve		(4,271)	(458.30)	(149.36)
		(5,339)	(572.88)	(186.70)
Retained earnings at the end of the period		17,313	1,857.68	559.62

Explanatory notes are an integral part of financial statements.

Tehran Stock Exchange Corporation
Cash Flow Statement
for 6 months fiscal period
ended September 22, 2007

	Notes	for 6 months fiscal period ended September 22,2007		For 3 month & 15 days fiscal period ended March 20,2007
		Million Rials	Thousand Dollars	Thousand Dollars
Operating activities :				
Net cash inflow (outflow) from operating activities	14	15,694	1,683.85	(224.28)
Return on Investments and Servicing of Finance:				
Interest received from short- term investments		10,554	1,132.46	1,001.98
Dividends Paid		(3,118)	(334.51)	-
Net Cash Flow from (used in) Investment Returns and Financing Expenses Paid		7,436	797.95	1,001.98
Investing activities :				
Payments for acquisition of short-term investments		(111,500)	(11,963.52)	(12,768.24)
Payments for acquisition of tangible fixed assets		(714)	(76.58)	(74.31)
Proceeds from Sales of Short Investments		69,000	7,403.43	-
Payments for acquisition of intangible assets and other assets		-		(19.85)
Net cash inflow (outflow) from investing activities		(43,214)	(4,636.67)	(12,862.40)
Net Cash Inflow(outflow) before Financing Activities		(20,084)	(2,154.87)	(12,084.70)
Financing activities :				
Initial capital		-		16,094.42
Net Cash Increase(decrease)		(20,084)	(2,154.87)	4,009.72
Cash Balance at the Beginning of the Period	4	37,371	4,009.72	-
Cash balances at the end of the period	4	17,287	1,854.85	4,009.72

Tehran Stock Exchange Corporation
Notes to Interim Financial Statements
for 6 months fiscal period ended September 22,2007

1. Background

1.1.History

Tehran Stock Exchange Corporation has been founded according to the Securities Market Law approved on November 22, 2005, and registered with the number 286502 in the companies registration office and non-trading institutions in Tehran. The head office of the company is located in Tehran and has 21 regional floors by now.

1.2.Main Activities

According to the Provision 2 of the Articles of Incorporation, the main activities of the company are:

- Establishing, organizing and operating the Stock Exchange for making transactions on listed securities.
- Listing securities including securities of foreign issuers according to the law and regulations.
- Determining the brokerage membership conditions for different groups of members.
- Providing conditions necessary for fair access of members to transactions of listed securities.
- Supervising well conduction of listed securities transactions and supervising issuers' activities.

1.3.Employment position

The number of employees at the end of the financial period is as follows:

	22/9/2007	20/3/2007
Perpetual employees	190	106
Temporary employees	5	10
	195	116

2. Basis for Preparing Financial Statements

The financial statements of the Company have been prepared mainly on historical cost basis and where necessary using current values.

3. Significant Accounting Policies

3.1. Tangible Fixed Assets

3.1.1. Tangible fixed assets are carried on the cost basis. Costs for betterment and substantial repairs resulting in a significant increase in the capacity and useful life of fixed assets or an improvement of their output quality, are accounted for as capital costs and depreciated during the remaining useful life of the relevant assets. Costs for maintenance and insignificant repairs carried out for maintenance and restore of economic benefits expected by the company from the asset's initial evaluated performance standards, are accounted for as expenses of the period when incurred.

3.1.2. Depreciation of tangible fixed assets are calculated considering the estimated useful life of the relevant assets, according to the depreciation regulations included in the Article 151 of the amendment of the Direct Taxation Act and on the basis of the following rates and methods:

Assets	Depreciation rate	Depreciation method
Administrative building	7%	Diminishing balance
Computer system and hardware	3 & 10 year	Straight line
Administrative equipments	10 year	Straight line
Vehicles	25%, 35%	Diminishing balance

3.1.3. Fixed assets acquired and used within a month are depreciated and carried from the beginning of the next month. Where each utilizable and depreciable asset is not used for a term for any reason like work stopping, its depreciation for the term will be equivalent to 30% of the depreciation rate included in the table above.

3.2. Foreign Currency Translation

Foreign currency monetary items with the formal exchange rate at the balance sheet date and non-monetary items carried in foreign currency at historical cost are translated with the formal exchange rate at the date the transaction is entered into. Differences arising from settlement or exchange of foreign currency monetary items are recognized as income or expenses of the period when incurred.

3.3. Provision for Employees' Termination Benefits

Provision for employees' termination benefits are calculated and carried according to their last monthly fixed salary and continuous benefits for every year of their service.

3.4. Revenue Recognition

Revenue sources of the Company are securities trading commissions, listing fees, brokerage fees, broker services and other sources. The ceiling of rates for broker services is determined by the Security Exchange Organization. The income resources are recognized as realizing over the time, in the framework of approvals.

4. Cash

The company's cash in hand at the balance sheet date are as following:

	<u>September 22,2007</u>		<u>March 20, 2007</u>
	<u>Million Rials</u>	<u>Thousand Dollars</u>	<u>Thousand Dollars</u>
Short-term deposits	12,721	1,364.94	3,869.62
Current accounts	3,706	397.63	134.59
Cheques	483	51.87	-
Petty Cash	240	25.75	-
Cash in hand	137	14.66	5.51
Total	17,287	1,854.85	4,009.72

5. Short-term Investments

Short-term investments are including:

	<u>September 22,2007</u>		<u>March 20, 2007</u>
	<u>Million Rials</u>	<u>Thousand Dollars</u>	<u>Thousand Dollars</u>
One year and half year deposits (Interest rate 17.2% and 15.5%)	74,500	7,993.56	5,364.81
Participation bonds (Interest rate 15.5)	56,000	8,154.51	7,403.43
Karafarin Investment Fund (Interest Rate 16.5%)	11,000	1,180.26	-
Total	161,500	17,328.33	12,768.24

6. Trade Receivables

Trade receivables are including:

	<u>September 22,2007</u>		<u>March 20,2007</u>
	<u>Million Rials</u>	<u>Thousand Dollars</u>	<u>Thousand Dollars</u>
Brokerage fees	7,735	829.89	60.45
Commission From Trading	2,693	288.91	186.67
Listing Fees	799	85.78	-
Others	60	6.45	-
	11,287	1,211.03	247.12

7. Tangible Fixed Assets

The following table represents the cost and depreciation of tangible fixed assets:

Description	Cost			Accumulated Depreciation			Book Value		
	March 20,2007	Increase	September 22,2007	March 20,2007	Increase	September 22,2007	September 22,2007		March 20,2007
	Thousand Dollars			Thousand Dollars			Million Rials	Thousand Dollars	Thousand Dollars
Vehicle	25.98	33.54	59.52	1.08	4.6	5.68	502	53.84	24.90
Computer	34.31	24.24	58.55	1.07	7.38	8.45	467	50.1	33.24
Furniture & Fixtures	14.02	15.78	29.80	0.13	0.84	0.97	269	28.83	13.89
Total	74.31	73.56	147.87	2.28	12.82	15.10	1,238	132.77	72.03
Capital Prepayments	-	3.02	3.02	-	-	-	28	3.02	-
Total	74.31	76.58	150.89	2.28	12.82	15.10	1,266	135.79	72.03

8. Other Accounts Payable

Payable accounts are as following:

	<u>September 22,2007</u>		<u>March 20,2007</u>
	Million Rials	Thousand Dollars	Thousand Dollars
Tehran Stock Exchange Brokers Organization	3,084	330.87	320.86
Salary and Wages Payable	971	104.22	0
Provision for unpaid expenses	5,861	628.89	35.36
Securities and Exchange Organization	646	69.29	89.70
Unspecified payments of share underwritings	590	63.30	85.91
Asset (withheld taxes)	382	41.03	11.69
Employee's saving funds	302	32.39	5.66
Social Security Organization (Insurance)	263	28.21	0
Others	296	31.74	25.96
	12,395	1,329.94	575.14
Participation Bonds of employees' saving funds	(155)	(16.63)	-
	12,240	1,313.31	575.14

9. Capital

The company's capital amounted 150 Bill IRR includes 150 million non-bearer shares as 1000 Rials per share, which has been paid all in cash.

According to the classification included in the article 9 of the Articles of Incorporation, shareholders combination at the balance sheet date is as following:

	Number of shareholders	Number of shares	percent
Stock brokers	76	50,917,000	33.95
Financial institutions	51	58,651,000	39.10
Other parties	5,977	40,432,000	26.95
Total	6,104	150,000,000	100

10. Reserves

	At the beginning of the period	Increase or Decrease	At the end of the period	
	Thousand Dollars	Thousand Dollars	Million Rials	Thousand Dollars
Legal Reserve	37.34	114,58	1,416	151.92
Prudential reserve	149.36	458.3	5,663	607.66
Total	186.70	572.88	7,079	759.58

11. Employees' Expenses

Items of employees' expenses are including:

	6 Months Interim Period ended September 22,2007		3 Months and 15 Days Fiscal Period ended March 20, 2007
	Million Rials	Thousand Dollars	Thousand Dollars
Salaries and Wages	5,282	566.77	136.65
New year bonus and rewards	2613	280.35	44.23
Insurance premium by employer, Life insurance and Supplementary Insurance	1,025	110	20.74
Overtime pay	665	71.30	14.72
Other cash & non-cash grants	751	80.55	18.31
Employees' termination benefits	392	42.03	9.33
Mission allowances and Traveling Costs	152	16.30	4.92
Total	10,879	1,167.30	248.90

12. Other Operating Expenses

Operating expenses are as following:

	6 Months Interim Period ended September 22,2007		3 Months and 15 Days Fiscal Period ended March 20, 2007
	Million Rials	Thousand Dollars	Thousand Dollars
Trading system management and maintenance fee	4,676	501.69	171.67
Office and properties rental	7,351	788.75	52.54
Security personnel fee	1,942	208.33	109.84
Administrative services fee	1,131	121.35	75.57
Internet subscription fees	690	74.01	27.70
Electricity costs	542	58.15	18.36
Repair and maintenance of buildings, equipments and installations	260	27.90	7.65
Advisors fee	223	23.90	4.84
Administrative and consumable requirements	198	21.27	9.99
Site hardware maintenance	196	21	7
Depreciation costs	119	12.81	2.28
Mobile and telephone	103	11.10	5.62
The Board attending compensation	97	10.41	13.52
Publication costs	96	10.26	11.55
Informing and exhibition costs	87	9.39	4.83
Membership fee of professional associations	37	4.01	30.04
Software Costs	22	2.31	11.31
Others	575	61.72	163.82
Total	18,345	1,968.36	728.13

13. Net other Non-operating Income and Expenses

Other items of non-operating income and expenses are including:

	6 Months Interim Period ended September 22,2007		3 Months and 15 Days Fiscal Period ended March 20, 2007
	Million Rials	Thousand Dollars	Thousand Dollars
Bank deposit interest	7,698	825.97	731.03
Income from participation bonds	2,856	306.45	270.95
Earnings (loss) from foreign currency translation	3	0.32	(0.11)
Total	10,557	1,132.74	1,001.87

14. Reconciliation of operating profit

Reconciliation of operating profit to net cash inflow from operating activities is as following:

	6 Months Interim Period ended September 22,2007		3 Months and 15 Days Fiscal Period ended March 20, 2007
	Million Rials	Thousand Dollars	Thousand Dollars
Operating profits (loss)	14,400	1,545.06	(255.55)
Depreciation expenses	120	12.82	2.28
Net increase in employees' termination benefits	368	39.53	9.27
Decrease (increase) in operating accounts receivable	(6,600)	(708.13)	(552.89)
Decrease (increase) in prepayments	(125)	(13.46)	(2.42)
Increase in other assets	(270)	(28.98)	-
Increase in operating accounts payable	7,968	854.97	575.14
Other non-operating income and expenses	(167)	(17.96)	(0.11)
	15,694	1,683.85	(224.28)