

Tehran Stock Exchange

Annual Report

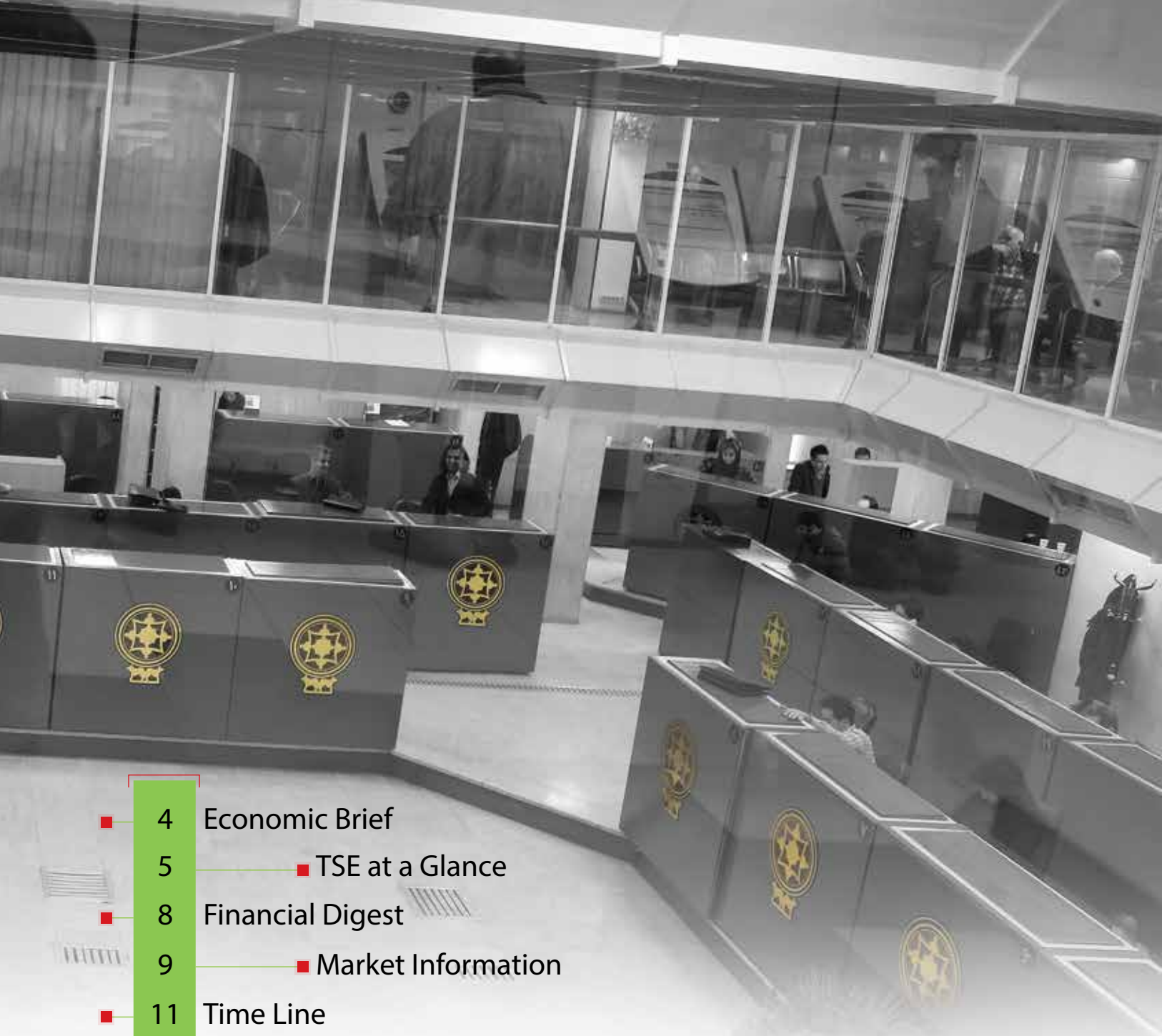
Fiscal Year Ended 19 March 2016

www.tse.ir



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Annual Report
Financial Year Ended 19 March 2016



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Note:

All financial and other topics provided in this document is only for readers information.
Any investment decision or legal action can be made based on the original Persian text.



Economic Brief

As one of the largest countries in the Middle East, with 13 neighboring nations around, Iran enjoys abundant natural and human resources. The country has nearly 80 million people, which makes it the second most populated Middle Eastern country. More than 75% of the Iranians are under 45 years old, with a considerable percentage of well-educated ones.

Iran owns the third largest oil and gas reserves among global energy providers. Moreover, the nation's mineral resources including zinc, lead, and copper are noticeable. Thanks to the country's climatic advantages, Iranian wide-ranging agricultural products are among the global top 10. In 2014, Iran's economic figures indicated IRR 425 billion of GDP. The state authorities have taken successful strategies in the past years to properly manage the business environment and beat the intense inflation rate to one-digit area in order to bring more sustainability in both money and foreign currency markets. With the sanctions lifting, Iran's future outlook is much brighter in different economic sectors.

The capital market of Iran has been a pioneer market during 49 years of its activity for financing businesses through local funds. Tehran Stock Exchange has 320 listed companies, 4 ETFs, 15 different debt securities, including cooperation certificates, sukuks and CDs (December 2015). There are 104 brokerage firms, 157 mutual funds and several other registered entities like investment banks, investment advisories, portfolio management companies, investment companies, as well as financial information providers.

Post-JCPOA and with the resulting political and economic stability, Iran's capital market is expected to be among the most alluring market places for local and international investors.

TSE at a Glance

Trading

Trading days	Saturdays - Wednesdays
Trading hours	9:00 – 12:30 (pre-opening 8:30 – 9:00)
Trading system	Fully automated order based
Trading mechanism	Opening auction / continuous trading
Market making	Optional
Tradable instruments	Shares, rights, Islamic participation papers, single stock futures, embedded put option, ETFs, sukuks and CDs
Currency	Iranian Rial
Online accessible information	(Opening, minimum, maximum and closing) prices, indices, listed companies information, trading data and quotes

Depository, Clearing and Settlement

Entity	Central Securities Depository of Iran (CSDI)
Settlement period	T+3 (shares, derivatives and ETFs) T+1 (Islamic participation papers, fixed-income securities)
Settlement	Funds settlement at broker level, securities dematerialized settlement at client
Clearing	Multilateral netting
Short selling	N/A

Tax

Dividends	Exempted
Capital gain	Exempted
Transaction (seller)	%0.5 of trading value

Structure and Regulations

Legal structure	Public joint stock company
Regulation	Self-regulated under SEO's surveillance
Daily price fluctuation limit	Shares and debt instruments: %±5, rights: %±10
Closing price calculation	Weighted average based on equity's base volume
Foreign investment	Authorized (based on foreign investment by law)

TSE at a Glance

Trading Commission

	Buyer (%)	Seller (%)	Total (%)
Securities and Exchange Organization (SEO)	0.032	0.048	0.08
TSE	0.032	0.048	0.08
Brokerage Firm	0.4	0.4	0.8
TSE Technology Management Co.	0.01	0.015	0.025
CSDI	0.012	0.018	0.03
Total	0.486	0.529	1.015

Markets and Listing Requirements

	First Market / main board	First market / secondary board	Second market
Minimum paid-in Capital (IRR billion)	1,000	500	200
Minimum years of business activity	3	2	1
Minimum free-float (%)	20	15	10
Minimum number of shareholders	1,000	750	250
Profitability (years)	3	2	1
Equity/total assets (%)	30	20	15

Issuers Information

	First Market/ mainboard	First market/ secondary board	Second market	Total
Listed companies	63	61	196	320

Brokerage Firms

	Tehran	Provinces - regions	Total
Number of brokerage firms (entities)	100	4	104
Trading stations	779	714	1,493
On-line trading access providers	95	4	99

Board of Directors



Chairman

Mr. Mehdi Ghadami

Mellat Financial Group



Vice Chairman

Mr. Ali Yarsalehi

Mofid Brokerage Firm



Member of the Board

Mr. Mojtaba Taghipour

Tadbir Investment Company



Member of the Board

**Mr. Seyed Mojtaba
Fahim Hashemi**

Bank Tejarat Brokerage Firm



Member of the Board

Mr. Ali Rostami

Bahman Investment
Company



Member of the Board

**Mr. Mohammad Reza
Rostami**

Saba Tamin
Investment Company



Member of the Board

**Mr. Ali Akbar Amin
Tafreshi**

Arzesh Afarinan
Pasargad Company



CEO and President

Hassan Ghalibaf Asl

Financial Digest



A summary of financial information (IRR billion)

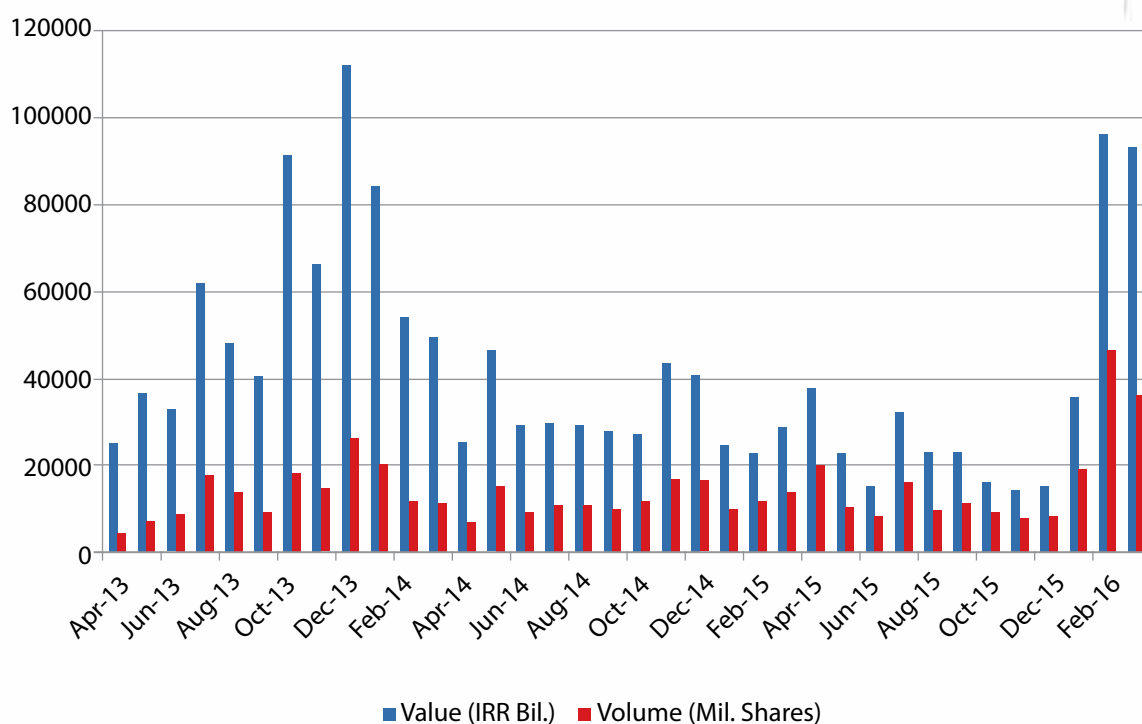
Operations	Fiscal Year 19 Mar. 2016	Fiscal Year 20 Mar. 2015	Fiscal Year 20 Mar. 2014
Operating revenues	573	514	684
Total expenses	341	272	221
Operating income	232	242	463
EBIT	358	389	574
Net income	297	327	458
Cash flows from operations	367	230	534
EPS (IRR)	270	298	509
Financial Status	Fiscal Year 19 Mar. 2016	Fiscal Year 20 Mar. 2015	Fiscal Year 20 Mar. 2014
Current assets	494	510	619
Total assets	1,854	1,451	1,228
Total liabilities	368	171	226
Registered capital	1,100	900	450
Total equities	1,486	1,280	1,002
Equity Shares	Fiscal Year 19 Mar. 2016	Fiscal Year 20 Mar. 2015	Fiscal Year 20 Mar. 2014
Number of shares (million)	1,100	900	450
Last EPS forecast (IRR)	379	463	1,080
Real EPS (IRR)	270	364	1,018
DPS (IRR)	100	100	110
Other Information	Fiscal Year 19 Mar. 2016	Fiscal Year 20 Mar. 2015	Fiscal Year 20 Mar. 2014
Number of staff	278	263	258

Market Information



Market Indicators	Fiscal Year 19 Mar. 2016	Fiscal Year 20 Mar. 2015	Fiscal Year 20 Mar. 2014
Market capitalization (IRR billion)	3,448,390	2,813,156	3,865,970
Nominal Value (IRR billion)	1,171,812	954,198	725,810
Market cap / nominal value	2.9	2.9	5.3
Average P/E	7.45	5.43	7.06
Equities Trading	Fiscal Year 19 Mar. 2016	Fiscal Year 20 Mar. 2015	Fiscal Year 20 Mar. 2014
Normal trading value (IRR billion)	425,537	377,119	701,846
Normal trading volume (million shares)	204,287	144,646	164,433
Total trading value (IRR billion)	473,624	542,522	964,198
Total trading volume (million shares)	227,798	165,184	189,688
Number of trades (thousand)	13,921	12,916	17,125
Average daily trading value (IRR billion)	1,949	2,251	3,968
Average daily trading volume (million shares)	937	685	781
Daily average number of trades (thousands)	57	54	70
Number of trading days	243	241	243
Number of issued trading codes	110,772	151,540	229,438
Debt Instruments Trading	Fiscal Year 19 Mar. 2016	Fiscal Year 20 Mar. 2015	Fiscal Year 20 Mar. 2014
Trading value (IRR billion)	86,626	15,676	10,747
Trading volume (thousands)	87,992	15,678	10,742
Broad Index	Fiscal Year 19 Mar. 2016	Fiscal Year 20 Mar. 2015	Fiscal Year 20 Mar. 2014
End of year	80,219	62,532	79,015
Highest	80,237	79,014	89,501
Lowest	61,164	61,533	38,603

Monthly Index & Trading Trend



Timeline...

07 April 2015

Seventy million (%11) equity shares of Khuzestan Cement Company were offered in TSE's second market at the IPO price of IRR 4,450 per share.



18 April 2015

Tehran Stock Exchange participated in the 16th Invest exhibition in Stuttgart, Germany.



28 April 2015

One billion (%7) equity shares of Mobin Petrochemical Company were offered in TSE's second market at the IPO price of IRR 2,900 per share.



23 May 2015

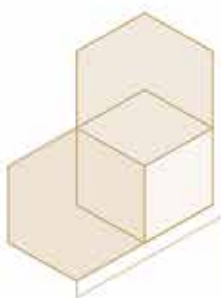
TSE's proposed increase of the daily price fluctuation limit on the listed shares was approved by the Securities and Exchange Organization (SEO) of Iran from $\pm 4\%$ to $\pm 5\%$, and on rights from $\pm 8\%$ to $\pm 10\%$, in order to increase the market's liquidity.



10 June 2015

SEO's Sharia compliancy committee approved TSE's proposed option and futures contracts on equity portfolio.

15 June 2015

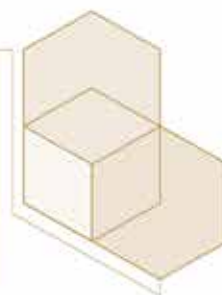


500k Murabaha sukuk securities were issued by Banagostar Karaneh Company to finance purchasing furnace oil.

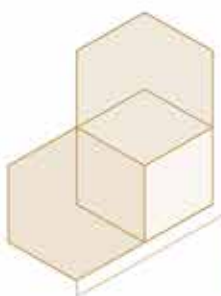


13 July 2015

MA Insurance Company publicly offered its equity shares in the second market of TSE with the IPO price of IRR 2,010 per share.



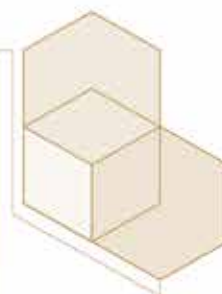
14 July 2015



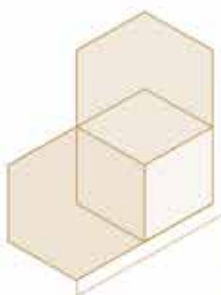
In order to increase trading transparency, several orders' sending as one single lot was banned. In an iceberg order, the disclosed quantity needs to be at least %30.

21 July 2015

TSE's AGM for the financial year ended 20 March 2015 and its EGM were held. As a result, IRR 100 was paid out as dividend to the shareholders, and the company's capital was approved to increase %22 from IRR 900 billion to IRR 1,100 billion.



09 August 2015



Jam Petrochemical Company was transferred to TSE. The company's equity shares were previously listed at Iran Farabourse – the junior market – before being qualified for listing at TSE.



18 August 2015

Sabzevar Municipality cooperation bond resumed trading.



07 October 2015

Shiraz Municipality cooperation bond resumed trading.



19 October 2015

TSE's CEO attended WFE's annual meetings in Doha, Qatar. Discussions with the Federation's authorities to annul TSE's membership suspension were on the agenda.

21 October 2015

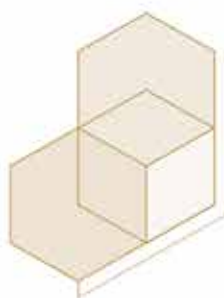
Bahman Group, National Development Investment Group, Ta'min Oil, Gas and Petrochemical Investment and Civil Pension Fund Investment issued their equities' futures contracts.

26 October 2015

TSE and Borsa Istanbul signed an MoU In Istanbul, Turkey.



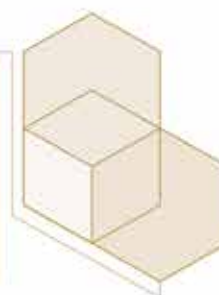
11 November 2015



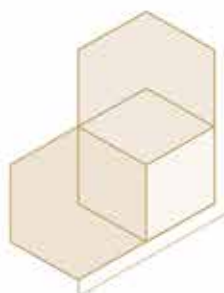
Isfahan municipality cooperation bond resumed trading.

17 November 2015

17 November 2015-21st annual meetings of Federation of Euro-Asian Stock Exchanges (FEAS) was held in Isfahan, Iran. The event which coincided with 20th anniversary of FEAS establishment was hosted by TSE.



23 November 2015



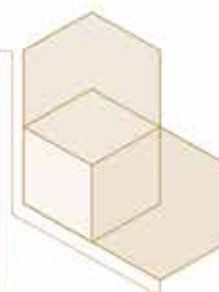
National Development Industrial and Mining Company's Istisna Sukuk underwriting was implemented at TSE's debt market.

27 December 2015

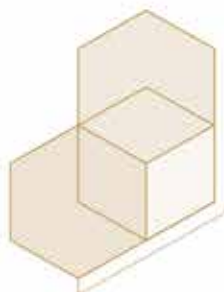
Mellat Leasing Company's equity shares were admitted at the Exchange.



mellat leasing



20 January 2016



Oil Industry Pension Fund Investment Company's cooperation bond underwriting was implemented at TSE's debt market. The secondary trading started on 31 January 2016.



07 February 2016

Authorities from TSE and Social Security Organization (SCO) inked an MoU in order to develop SCO's role in the capital market and facilitate equities public offering and transparency for investment purposes.



10 February 2016

Pardis Investment Company offered its embedded put option contracts.

17 February 2016

200 million (%8) equity shares of Fajr Petrochemical Company were publicly offered in TSE's second market at the IPO price of IRR 11,500 per share.



17 February 2016

The 2nd national corporate governance was held in order to rationalize financing costs, and improve economic enterprises' operations.

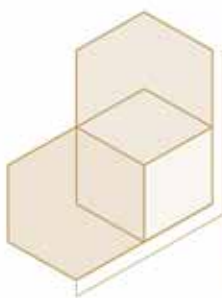


29 February 2016

Iran-Turkey Capital Forum was hosted by TSE with several attending authorities from Borsa Istanbul and both countries' market participants. A quadrilateral MoU was signed between both Exchanges and markets' regulators.



09 March 2016

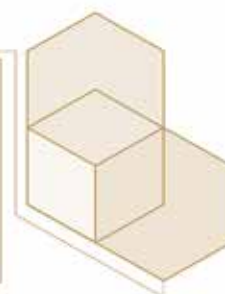


Sobhan Darou (pharmaceutical) Company was transferred from IFB to TSE's second market, as it received main Exchange's listing qualifications. Each share started trading IRR 12,948 at TSE.



15 March 2016

Iran's National Oil Company issued two petroleum Islamic participation papers at the total value of IRR 50,000 billion. This was the largest state financing in the capital market to date.





Foreign Visits

During the past financial year, 251 foreign delegates in 71 groups visited Tehran Stock Exchange and were briefed about Iran's capital market.



Opening Bells with Listed Companies

The selected listed companies' authorities ring the opening bell at the trading floor on their listing anniversary to mark the event and discuss about their latest development.



Message from Board of Directors

The past year was a fluctuating one for Iran's capital market, with hopes and concerns. The entire country's economy was observing the diplomatic developments. Without a doubt, a great part of our market participants' attention was focused on Iran and global powers negotiations. Global recession following China's economic growth slowdown was another issue last year; this pushed most of prominent Exchanges' indices down considerably. The global recession was tailed by diminished oil, base metals and steel prices, each with conspicuous impacts on Iran's capital market. Nevertheless, JCPOA implementation received such a warm welcome that made TSE's broad index gaining more than 30 percent in the past quarter of the last year.

Following the political agreements, they were not only the local capital market's participants expecting for brighter days and a different atmosphere; several international investors shifted their focus towards Iran. Thus, 71 foreign delegations visited TSE during last year. A common forum was hosted in Tehran with Borsa Istanbul and Turkish capital market's participants. TSE top authorities also joined an introductory event in London to introduce investment opportunities. The annual meetings of Federation of Euro-Asian Stock Exchanges were held in Isfahan, too.

The fluctuating year ended with %22.6 gain on TSE's market capitalization and %22.8 increase on the Exchange's nominal value. The normal trading value of the equities market grew %13; which was counterbalanced by the considerable decrease of wholesale trading value. The main index closed on the last trading day of the year with a %28 gain, mostly achieved in the last quarter of the year.

During this period, TSE found an opportunity to endorse the capital market's potentials for financing the economic activities. The effective financing through issuing more than IRR 58 trillion of different securities (%450 YOY growth) opened a new chapter for fund seekers Iran's capital market participants. Khuzestan Cement, Mobin Petrochemical, Maa Insurance and Fajr Petrochemical companies' IPOs, as well as, Jam petrochemical and Sobhan Darou (pharmaceutical) companies' transfer from the junior market to TSE were among the market's achievements last year. However, Omid Investment Bank, Bank Shahr, Minou Industrial and Shafa Darou were admitted for listing at TSE, but had to bide for another year to start trading.

Opening bell ceremony on the listed companies listing anniversary was an initiative in the past year. This is planned for a list of selected companies in order to develop TSE's appeal. Besides, 2 industry round tables and more than 1000 person-hour training courses were provided for the issuers.

More than 22,000 person-hour different training courses were held by TSE to improve investment culture in the capital market. Also, 7 new books were published for children and teenagers, as well as general investors.

On market development, TSE received the jurisprudence committee's approval for index portfolio futures contract. On this basis, the related trading directive was drafted to SEO to be ratified. Some comprehensive research reports on futures contracts' risk management software were carried out and the promising findings were submitted to Tehran Stock Exchange's Technology Management Company (TSETMC). Moreover, TSE's R&D department made feasibility studies over launching warrants and repo markets at the Exchange. These and more projects were among TSE's research initiatives last year: discovering incentives for companies to be listed at TSE, an overall index analysis in global Exchanges, Iran's capital market "market-making" troubleshooting, dividends payment regulations analysis in target countries, as well as, a study on common IPO methods.

1.Introduction to TSE & Financial Performance

1.1. History

Tehran Stock Exchange (Public Joint Stock Company) was established on November 2006 based on the new market act ratified by the Parliament in 2005. Based on this development, the existing Exchange, which had been initially launched in 1960s, became demutualized.

1.2. Activities According to the Articles of Association

- Organizing and managing the securities exchange in order to make trades by local and foreign investors according to the regulations
- Listing securities of local or international issuers
- Setting membership standards for applicants, ratifying and implementing disciplinary principles on and between members, regulating their responsibilities and monitoring their activities
- Providing the required infrastructure for the members' fair access to trading
- Cooperating and coordinating with other financial entities, responsible for parts of the related securities trading, issuing or data processing activities, namely Central Securities Depository of Iran (CSDI), as well as carrying out research activities and training jobs and culture development in order to facilitate and develop securities trading and investment culture
- Working with other Exchanges in Iran or overseas for exchanging information and expertise, harmonizing the regulations and standards and cross-listing of the securities
- Listing securities trading surveillance
- Compiling, processing and disseminating the ordering and trading information
- Observing securities issuers' activities

1.3. TSE's Shareholders and Ownership Level are Mentioned in Table 01.

Based on the market act, no shareholder can hold more than 2.5 percent of the Exchange's own shares. The articles of association maintain that the shareholders include brokerage firms, financial institutes and retailers. The ownership levels should be always maintained.

Table 01 – Shareholders Breakdown Composition, Fiscal Year Ending 19 March 2016

Shareholders	No. of shareholders	No. of shares	Percent of ownership
Brokerage firms	75	373,611,323	34
Financial institutes	77	432,035,990	39.2
Others	5,958	294,352,687	26.8
Total	6,110	1,100,000,000	100

1.4. Major Shareholders

Table 02 includes list of TSE's major shareholders at the end of fiscal year ending 19 March 2016.

Table 02 – Major Shareholders Based on Groups' Breakdown

No.	Shareholders	No. of shares	Percent of ownership
Brokerage firms		373,611,323	33.96
1	Keshavarzi bank brokerage firm	27,499,999	2.5
2	Mofid brokerage firm	27,499,999	2.5
3	Iran Insurance brokerage firm	24,798,399	2.25
4	Razavi brokerage firm	24,701,599	2.25
5	Agah brokerage firm	21,999,999	2.0
6	Refah bank brokerage firm	21,999,999	2.0
7	Tejarat bank brokerage firm	21,999,999	2.0
8	Mellat bank brokerage firm	21,999,999	2.0
9	Hafez brokerage firm	19,396,661	1.76
10	Tose'e Farda brokerage firm	16,666,666	1.52
11	Pasargad bank brokerage firm	16,666,666	1.52
12	Maskan bank brokerage firm	16,666,666	1.52
13	Other brokerage firms	111,714,672	10.116
Financial institutes		432,035,990	39.28
14	Parsian Bank Financial Group	27,499,999	2.5
15	National development investment company	27,499,999	2.5
16	Ghadir investment company	27,499,999	2.5
17	Omid investment management company	27,499,999	2.5
18	Saba ta'min investment company	27,499,999	2.5
19	Oil industry pension fund investment company	24,199,999	2.2
20	Iranian investment Petrochemical Group	22,500,000	2.04
21	Bahman investment company	22,439,388	2.0
22	Tadbir investment company	21,999,999	1.99
23	Alborz insurance company	21,926,666	1.5
24	Industry and mine investment company	16,499,999	1.5
25	Iran national investment company	16,499,999	1.5
26	Other financial institutes	148,469,945	13.50
Others		294,352,687	26.76
Total		1,100,000,000	100

1.5. Capital Changes

TSE's capital has changed since establishment as indicated below.

Table 03 – Capital Changes (IRR billion)

Fiscal year ending	Capital increase registration date	Previous capital	Increase	New capital	Increase %	Source of increase
20 March 2009	-	150	-	150	-	-
20 March 2010	21 November 2010	150	105	255	70	Prudential reserves and retained earning
20 March 2011	7 December 2011	255	45	300	17.6	Prudential reserves and retained earning
20 March 2014	14 October 2013	300	150	450	50	Prudential reserves and retained earning
20 March 2015	22 October 2014	450	450	900	100	Prudential reserves and retained earning
19 March 2016	5 September 2015	900	200	1100	22.2	Prudential reserves and retained earning

1.6. TSE's Own Shares Trading

Due to the GA's approval for self-listing of TSE's shares and providing trading mechanism for its shareholders, required arrangements were made on 4 September 2011 for TSE's shares being listed in Iran Farabourse (IFB). The shares' trading started on the mentioned date at IFB through negotiated transactions. The following table shows TSE's shares trading in the last two fiscal years.

Table 04 – TSE's Shares Trading

Shareholder	Fiscal year ending 19 March 2016			Fiscal year ending 20 March 2015		
	Total trading volume	Total trading value (IRR)	Average price per share (IRR)	Total trading volume	Total trading value (IRR)	Average price per share (IRR)
Brokerage firm	341,332	2,825,989,200	8,279	51,500	461,300,000	8,957
Financial institutes	5,696,665	41,111,656,500	7,217	22,515,000	3,956,250,000	176
Others	50,615,255	268,324,717,940	5,301	27,989,438	183,078,912,333	6,541

1.7. Legal Environment

The major governing regulations at Tehran Stock Exchange include Commercial Code, The Law for Development of New Financial Instruments and Institutions, Tehran Stock Exchange's Trading Bylaw, Trading Executive Directive, as well as the brokerage firms' executive bylaws and issuers' disciplinary directive. The anti-money laundering rule is also among the related regulations.



1.8. Financial Performance

A summary of Tehran Stock Exchange's financial activities during the fiscal year ended 19 March 2016 is given in the following table:

Table 05 – Financial Activities' Market

Description	Fiscal year ended 19 March 2016 (IRR billion)	Fiscal year ended 20 March 2015 (IRR billion)	% Change
Income from services	537	514	11
Cost of services	(223)	(181)	23
General and administrative expenses	(118)	(91)	(31)
Income from investment	19	13	46
Net other incomes	107	134	(20)
EBIT	358	389	(12)
Net profit	294	364	(14)
EPS (IRR)	270	364	(30)
Current ratio %	154	357	(0.57)
Total debt ratio %	22	13.35	(0.65)
Return on assets %	15.6	22.6	(31)
Return on equity %	19.1	25.6	(25)



1.9. Earning Per Share Forecast

The forecasted TSE's EPS for the fiscal year ending 19 March 2017, as well as the comparative information of the fiscal year ended 19 March 2016 are included in the table 06.

Table 06 – the Forecasted Information on TSE's EPS and Real Operations

Description	FY ending 19 Mar. 2017 budget (IRR million)	FY ended 20 Mar. 2016 budget (IRR million)	FY ended 20 Mar. 2016 operations (IRR million)
Income from services	942,362	820,244	573,433
Cost of services	(278,609)	(216,600)	(223,572)
Gross income	663,753	603,644	349,861
General and administrative expenses	(164,185)	(112,821)	(117,690)
Operating profit	499,568	490,823	232,171
Net other non-operating income and expenses	103,019	51,230	126,054
EBIT	602,587	542,053	358,225
Tax	(124,934)	(125,213)	(61,647)
Net profit	477,653	416,840	296,578
EPS (IRR)	435	379	270
Operating EPS (IRR)	341	332	158
Non-operating EPS (IRR)	93	47	112

2. Market Operations Overview

2.1. Outline

The general performance at Tehran Stock Exchange in the fiscal year ended 19 March 2016 is provided in table 07. During this period, total trading turnover of the Exchange shrank 13 percent to reach IRR 474 trillion, while the main index gained 28 percent and closed at 80,219. The average daily trading value, as well as retail and block trading value respectively contracted 13 and raised 12 percent. The number of listed companies reached 320 in the year when TSE had 4 IPOs (Khuzestan Cement, Mobin Petrochemical, Fajr Petrochemical and Maa Insurance companies) and 2 transferred listings from IFB (Jam Petrochemical and Sobhan Darou companies). Number of trades increased from 13 to 14 million times, indicating 8 percent change YOY. The market capitalization expanded about 23 percent in the fiscal year ended 19 March 2016 to reach IRR 3,448 trillion. Moreover, 36 percent dropping of new trading codes in the past year was an indication for less investment interests to the stock exchange.

On-line trading turnover was IRR 200,628 billion in the fiscal year ended 20 March 2015 that increased in the past fiscal year for about 16 percent to stay at IRR 233,100 billion. The trading volume also escalated about 50 percent from 84,312 million to 126,111 million shares.



Fiscal Year
Ended 19 March
2016

بورس اوراق بهادار تهران
TEHRAN STOCK EXCHANGE

Table 07 – Securities Market Activities Indicators

Indicators	Unit	FY ended 19 March 2016	FY ended 20 March 2015	% Change
Main index (TEDPIX)	Unit	80,219	62,532	28
Market capitalization	IRR billion	3,448,390	2,813,156	23
Equities and rights				
Listed companies	No.	320	314	2
Trading value (total)	IRR billion	473,624	542,522	(13)
Trading volume	Million shares	227,798	165,184	38
No. of trades	Time	14	13	8
Normal trading value (retail & block)	IRR billion	425,537	377,119	13
State-owned offering value	IRR billion	15,970	9,613	66
State-owned offering volume	Million shares	6,671	2,420	176
Average daily trading value (total)	IRR billion	1,949	2,251	(13)
Average daily normal trading value	IRR billion	1,751	1,565	12
Average P/E ratio	-	7.4	5.4	37
On-line/total trading volume	Million shares	126,111	84,312	50
On-line/total trading value	IRR billion	233,100	200,628	16
Debt securities				
Listed debt securities	No.	15	6	150
Trading value	IRR billion	86,262	15,676	452
Trading volume	Thousands	87,992	15,678	461
No. of trades	Time	26,110	14,768	77

2.2. Equities Market Indices

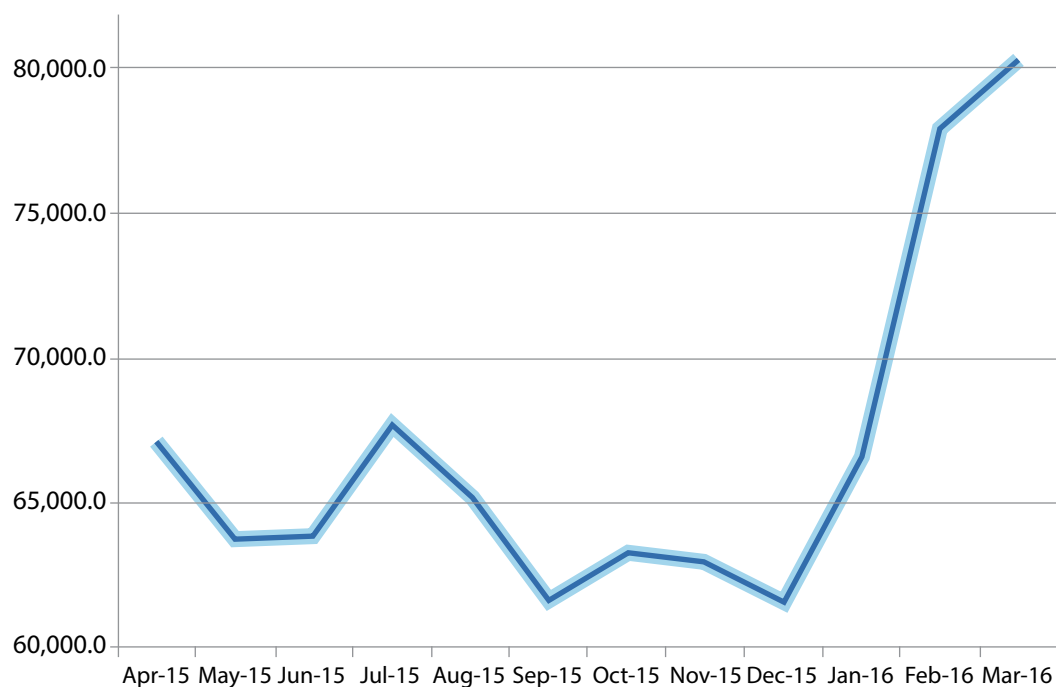
During the past fiscal year, TSE's broad index escalated from 62,531 to 80,219 from the start to the year; 28 percent gain on TEDPIX. Other indices of the Exchange also increased in the period as an indicator of market return in all sectors. The free-float index was 72,210 at the end of the fiscal year ended 20 March 2015, and grew 28 percent to 92,557 one year later.

Table 08 – Main indices of Tehran Stock Exchange

Index	FY ended 19 March 2016	FY ended 20 March 2015	Change	% Change
Broad index (TEDPIX)	80,219	62,531	17,688	28
Price index (value weighted)	30,511	26,987	3,524	13
Broad index (equal weighted)	13,357	9,862	3,495	35
Price index (equal weighted)	11,202	9,036	3,216	24
Free-float	92,557	72,210	20,347	28
First market	57,003	45,317	11,686	26
Second market	170,268	127,840	42,428	33
Financial	158,225	135,089	23,136	17
Industrial	66,994	51,296	15,698	31
TSE 50	3,254	2,576	678	26
TSE largest 30 (22 Aug. 2010=1,000)	3,381	2,877	504	18

Chart 01 – TSE's broad index monthly trend

TEDPIX



2.3. Market Capitalization

Tehran Stock Exchange's market capitalization increased 23 percent in the fiscal year ended 19 March 2016 and reached IRR 3,448 trillion.

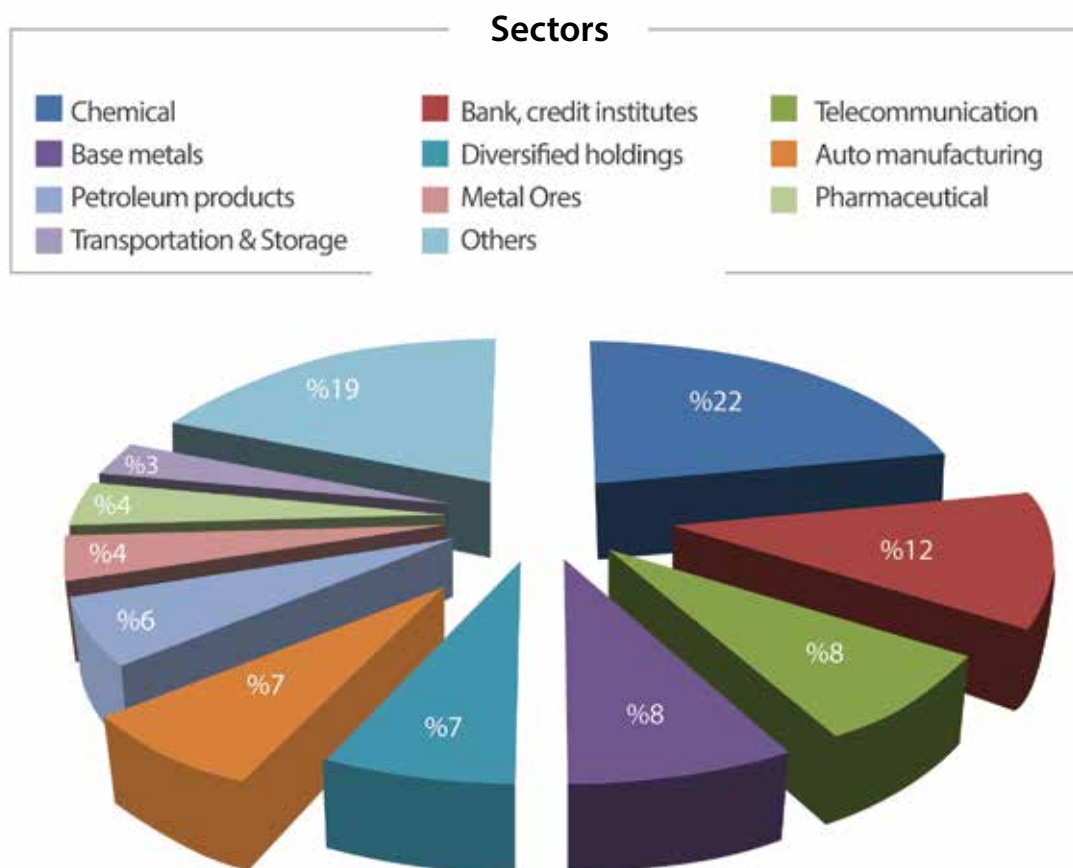
Chart 02 – TSE's market capitalization, monthly trend (IRR billion)



Table 09 – Top 10 Sectors by Market Capitalization (FY ended 19 March 2016)

Sector	No. of companies	Market cap (IRR billion)	%
Chemical	28	759,739	22
Banks, credit institutes	11	417,365	12
Telecommunication	2	287,054	8
Base metals	19	265,577	8
Diversified holdings	4	245,625	7
Auto manufacturing	31	237,296	7
Petroleum products	7	203,018	6
Metal Ores	9	152,076	4
Pharmaceutical	28	127,777	4
Transportation & storage	5	100,776	3
Others	176	652,085	19
Total	320	3,448,390	100

Chart 03 – Market capitalization by sectors (FY ended 20 March 2015) (%)





TSE's International Relations

Memberships



1992



1995



ICGN

International Corporate Governance Network

2008



2008

MoU

- | | |
|----------------|------|
| 1. Malaysia | 2007 |
| 2. Indonesia | 2008 |
| 3. South Korea | 2009 |
| 4. Cyprus | 2009 |
| 5. Damascus | 2010 |
| 6. Lahore | 2011 |
| 7. Kazakhstan | 2011 |
| 8. Karachi | 2012 |
| 9. Muscat | 2014 |
| 10. Istanbul | 2015 |
| 11. Athens | 2016 |
| 12. Munich | 2016 |

2.4. Securities Trading

Total equities and rights trading value at the Exchange in the past fiscal year (243 trading days) equaled IRR 473,624 billion, 13 percent lower than one year earlier. About 90 percent of the value (IRR 425,538 billion) was related to the normal trading with 13 percent increase comparing the year before. During the fiscal year ended 19 March 2016, daily average trading value lessened from IRR 2,251 billion to IRR 1,949 billion.

Table 10 – Equities and Rights and Debt Instruments Trading

Trading	FY ended 19 March 2016		FY ended 20 March 2015		% Percent	
	No. (million shares)	Value (IRR billion)	No. (million shares)	Value (IRR billion)	Number	Value
Normal (retail and bloc)	204,287	538,425	144,646	377,119	41	13
Wholesale and others	23,511	48,086	20,539	165,403	14	(71)
Total (equities and rights)	227,798	473,624	165,184	542,522	38	(13)
Futures	0.000378	11	0.000172	10	120	10
Debt securities	88	86,626	16	15,676	461	452
Embedded put option	57	0.6	166	12	(66)	-
ETFs	120	1,346	112	1,133	10	19
Total	228,063	561,608	165,478	559,353	38	0.4

Number of trades raised about 8 percent to reach 14 million times. First market's equities and rights value, volume and number of trading were respectively 69, 58 and 56 percent of total figures in the market.



Table 11 – Equities and Rights Trading in Different Markets

Items	FY ended 19 March 2016	FY ended 20 March 2015	% Change
Trading value (IRR billion)	473,623	542,522	(13)
First market (IRR billion)	307,126	313,008	(2)
Second market (IRR billion)	166,497	229,514	(27)
Number of traded shares and rights (million)	227,798	165,184	38
First market (million shares)	156,440	114,163	37
Second market (million shares)	71,358	51,021	40
Number of trades (million)	14	13	8
First market (million times)	7.83	7.19	9
Second market (million times)	6.09	5.72	6

Table 12 – Equities and Rights Value, Volume and Number of Trading

Fiscal year	Volume (million shares)	Value (IRR billion)	Number of trades (millions)	No. of trading days	Daily average		
					Vol. (Mil. shares)	Value (IRR Bil.)	No. of trades
Ended 20 March 2014	164,433	701,846	17	243	677	2,888	70,474
Ended 20 March 2015	144,646	377,119	13	241	600	1,565	53,595
FY ended 19 March 2016	204,287	425,537	14	243	841	1,751	57,292

Table 13 – Daily Average Traded Equities and Rights (FY ended 19 March 2016)

Period	Trading days	Daily average trading value (IRR billion)	Daily average trading volume (million shares)	Daily average number of trades
21 Mar – 20 Apr	18	2,555	1,503	87,267
21 Apr – 21 May	20	1,280	609	51,969
22 May – 21 Jun	21	870	443	37,189
22 Jun – 22 Jul	20	1,926	974	63,411
23 Jul – 22 Aug	20	1,157	487	33,565
23 Aug – 22 Sep	23	1,192	539	27,959
23 Sep – 22 Oct	21	770	439	30,360
23 Oct – 21 Nov	20	727	412	29,213
22 Nov – 21 Dec	20	811	451	28,768
22 Dec – 20 Jan	21	2,245	1,064	60,816
21 Jan – 19 Feb	20	5,092	2,527	134,317
20 Feb – 19 Mar	19	5,200	2,016	115,041

2.5. Initial Public Offerings (IPOs)

During the financial year ended 19 March 2016, the listing committee held 11 sessions and ratified admitting of 7 applied companies, some were listed during the past year and the rest are under process of listing. The following tables 14 – 17 indicate the latest status of the new companies listing, IPOs information, as well as bonds listings and trading data.



Table 14 – Listings and Offerings (FY ended 20 March 2015)

No.	Company	Date of admission	Date of listing	Date of offering	Capital (IRR billion)		Notes
					At listing	Last capital	
1	Khuzestan Cement	15 Dec 2013	19 Mar 2014	7 April 2015	650	650	
2	Mobin Petrochemical	3 Aug 2014	1 Feb 2015	28 April 2015	14,252	14,252	
3	Maa Insurance	19 Nov 2014	5 Mar 2015	13 July 2015	1,000	1,000	
4	Jam Petrochemical	23 Feb 2014	13 July 2015	9 August 2015	9,600	9,600	Transferred from Iran Fara Bourse (IFB)
5	Fajr Petrochemical	23 Feb 2014	28 September 2015	17 February 2016	2,500	2,500	
6	Sobhan Darou	30 January 2016	16 January 2016	28 February 2016	300	300	Transferred from IFB
7	Mellat Leasing	27 June 2015	27 December 2015	--	800	800	To be offered in the next year
8	Omid Investment Bank	20 August 2015	-	-	3,176	3,176	
9	Bank Shahr	20 August 2015	-	-	7,900	7,900	
10	Iranian Petrochemical Investment Group	14 March 2016	-	-	2,000	2,000	
11	Shafa Darou	22 February 2016	-	-	1,179	1,179	
12	Minou Industrial	22 February 2016	-	-	680	680	
13	Asan Pardakht	-	-	-	755	755	To be listed in the next year
14	Zangan Transformer	-	-	-	500	500	To be Listed in the next year
15	South Kish Kaveh Steel	16 Mar 2014	16 Sep 2014	-	4,000	4,000	Offering date to be reviewed
TOTAL					49,292	49,292	

Table 15 – Newly Listed Companies Trading Value

No.	Company	IPO day trading			Normal trading from IPO day till 19 Mar 2016		
		Million shares	IRR billion	% of capital	Million shares	IRR billion	% of capital
1	Khuzestan Cement	70	312	10	262	2,227	228
2	Mobin Petrochemical	989	2,868	7	6,299	20,323	215
3	Maa Insurance	11	23	11	159	374	165
4	Jam Petrochemical*	1	11	-	308	2,845	151
5	Fajr Petrochemical	200	2,294	8	462	6,378	18
6	Sobhan Darou*	0.2	3	-	-	4	5
Total		1,271	5,511	-	7,490	32,151	-

* Transferred from Iran Fara Bourse (IFB)



Table 16 – Debt Securities Listing

Name of issuer	Type of security	Listing date	Offering date	Maturity date	Value (IRR billion)
Bana Gostar Karaneh	Murabaha	10 Jan. 2015	15 Jun. 2015	15 Jun. 2017	500
Sabzevar Municipality	Islamic Participation Paper	15 Aug. 2015	18 Aug. 2015	1 Feb. 2019	700
Shiraz Municipality	Islamic Participation Paper	14 Sep. 2015	7 Oct. 2015	23 Jan. 2019	2,169
Isfahan Municipality	Islamic Participation Paper	26 Oct. 2015	11 Nov. 2015	20 Mar. 2019	4,771
National Industrial and Mining Development	Istisna'	18 Nov. 2015	23 Nov. 2015	23 Nov. 2018	1,629
Oil Industry Pension Fund Investment	Islamic Participation Paper	16 Jan. 2016	24 Dec. 2015	20 Jan. 2020	2,000
National Iranian Oil Co.	Islamic Participation Paper Maghreb 9712	9 Mar. 2016	15 Mar. 2016	16 Mar. 2019	15,000
National Iranian Oil Co.	Islamic Participation Paper Mpars 712	9 Mar. 2016	15 Mar. 2016	16 Mar. 2019	35,000
Total					58,475



2.6. Listed Companies Classification Changes

Based on article 54 of listing directives, TSE is in charge of classifying the listed companies on the basis of its first and second markets' standards around May each year. In the past fiscal year ended 19 March 2016 totally 320 companies were listed in 37 sectors at TSE. The de-listed companies are transferred to IFB to continue their trading in the capital market. Table 17 points out (de)listings of the past three years.

Table 17 – New Listings and De-Listings

Fiscal Year	# Co. at year's beginning	No. of listed and offered companies	No. of de-listed companies	No. of Co. at year's end
Ended 19 Mar 2016	314	6 Mobin Petrochemical, Maa Insurance, Jam Petrochemical, Fajr Petrochemical, Sobhan Darou, Khuzestan Cement	0	320
Ended 20 Mar 2015	317	6 Saba Nour Steel, Sepahan Oil, Shomal Shargh Housing Investment, Cement Industries Development Investment, Kavir Tire, Middle East Bank	9 Firouza Engineering, Toulipers, Rangin Industrial and Chemical, Tousi Wool Knitting, Iran gypsum, Sadid Industrial Group, Kaf, Isfahan Petrochemical, Kavian Steel	314
Ended 20 Mar 2014	322	7 Ta'min Oil & Gas, Mobile Telecom, Banks Investment & Pension Fund, Iranian Leasing, Ta'min Pharmaceutical Investment, Pakshou, Khalij Fars Petrochemical industries	12 Doroud Farsit, Ahvaz Farsit, Azarit, Tak Cable, Mashhad Packaging, Pars Sugar, Bakhtar Cable, Permit, Jaam e Jahan Nama, Kerman Ferromolybdenum	317

2.7. TSE Listed Companies Financing

96 listed companies increase their capital in the fiscal year ended 19 March 2016 at the total amount of IRR 188,981 billion. Table 18 demonstrates more details about this.

Table 18 – Capital Increase for TSE's Listed Companies

Fiscal year	Resources for capital increase (IRR billion)		Capital increase (IRR billion)
	Receivables and cash contributions	Retained earnings and excess of reassessed assets	
Ended 19 March 2016	103,462	85,340	188,981
Ended 20 March 2015	105,228	108,244	213,472
Ended 20 March 2014	73,225	85,424	158,649

2.8. Member Brokerage Firms

At the end of the past fiscal year, 104 brokerage firms provided their services through 1,493 trading stations to clients. Among the members, 99 brokerage firms were authorized to provide on-line trading access, 82 were listing consultants and 44 firms were offering services. Moreover, 60 firms have portfolio management services, as well as 49 brokerage companies managing mutual funds.

Table 19 – TSE's Brokerage Firms

Brokerage firms and stations	FY ended 19 Mar 2016	FY ended 20 Mar 2015
Brokerage firms	104	101
Total trading stations	1,493	1,414
Trading stations at Hafez trading floor	104	98
Trading stations at brokerage firms' Tehran offices	649	576
Trading stations at brokerage firms' regional offices	470	460
Trading stations in TSE's regional floors	244	251
Trading stations of mutual funds	26	29

In the past fiscal year, the total new trading stations authorization (174), minus the number of existing stations' license revocation (77) amounted to 97 units; while 18 new license were not activated, so total new running stations equaled 79 units.

Table 20 – Activity and Trading Authorization

Description	FY ended 19 March 2016	FY ended 20 March 2015	License	FY ended 19 March 2016	FY ended 20 March 2015
Floor launching	36	53	Trading station launching	174	241
Office launching	-	69	License termination	(77)	(13)
Local representative launching	58	61	Issued (inactive) licenses	(18)	(5)
Total	94	183	Total	79	223

2.9. Regional Trading Floors

Among the major activities of the regional trading floors are: facilitating access to the trading engine, improving investment culture and providing training through courses and workshops, as well as producing media programs and developing brokerage networks and any other related market operations.

Tehran Stock Exchange has regional floors in 22 provinces around the country, and in other parts the brokerage firms' offices provide investment services through their exclusive floors. During the fiscal year ended 19 March 2016 total amount of IRR 172,279 billion, 36 percent of total trading value (buy and sell) were executed out of the capital Tehran. Details of trading value in each trading floor are as mentioned in the following table.



Table 21 – TSE and Brokerage Firms Regional Trading Statistics

Exchange's trading/regional floor						Brokerage firms floors/offices					
		FY ended 19 Mar 2016		FY ended 20 Mar 2015				FY ended 19 Mar 2016		FY ended 20 Mar 2015	
No	Region	Trading value (IRR billion)	% of total	Trading value (IRR billion)	% of total	No	Region	Trading value (IRR billion)	% of total	Trading value (IRR billion)	% of total
1	Kish	27,493	16.8	111,980	50.8	1	Arak	1,933	21.7	1,253	19.8
2	Mashhad	24,919	15.2	14,195	6.44	2	Sanandaj	1,102	12.4	929	14.7
3	Isfahan	21,898	13.4	19,398	8.8	3	Kashan	845	9.5	413	6.52
4	Karaj	14,876	9.1	11,454	5.2	4	Babol	651	7.32	499	7.9
5	Rasht	9,292	5.7	8,056	3.7	5	Amol	513	5.8	831	13.1
6	Tabriz	8,875	5.4	8,190	3.7	6	Shahroud	497	5.6	247	3.9
7	Zanjan	8,747	5.3	7,155	3.25	7	Neyshabor	467	5.25	499	7.9
8	Yazd	7,270	4.4	5,222	2.4	8	Sabzevar	424	4.8	51	0.8
9	Shiraz	5,900	3.6	5,854	2.7	9	Doroud	387	4.35	188	2.9
10	Qom	5,844	3.6	3,425	1.5	10	Bojnourd	326	3.7	202	3.2
11	Kermanshah	4,301	2.6	3,153	1.43	11	Gorgan	314	3.53	448	7.1
12	Ardebil	3,351	2.2	4,163	1.9	12	Ilam	272	3.06	0	0
13	Hamedan	3,101	1.9	2,727	1.24	13	Rafsanjan	222	2.5	178	2.8
14	Uremia	3,097	1.9	1,916	0.87	14	Shahr e Kord	194	2.2	136	2.15
15	Kerman	2,965	1.8	4,097	1.86	15	Borojerd	143	1.6	88	1.4
16	Bandar Abbas	2,823	1.7	1,893	0.86	16	Nowshahr	129	1.45	0	0
17	Sari	2,560	1.6	2,071	0.94	17	Khoram Abad	118	1.33	93	1.5
18	Ghazvin	2,428	1.5	2,763	1.25	18	Boushehr	82	0.92	96	1.51
19	Ahwaz	1,587	0.97	1,077	0.5	19	Babolsar	80	0.9	54	0.85
20	Semnan	985	0.6	1,137	0.52	20	Nour	55	0.62	107	1.7
21	Birjand	528	0.32	255	0.12	21	Qaen	50	0.56	0	0
22	Zahedan	363	0.22	184	0.08	22	Others	92	1.09	25	0.4
Total		163.383	100	220,365	100	Total		8,896	100	6,337	100

Geographical Distribution of TSE Regional Floors and Brokerage Offices



TSE's Regional Floors



Brokerage Firms Dedicated Floors

Chart 04 –Regional Trading Floors (% of Total Value)

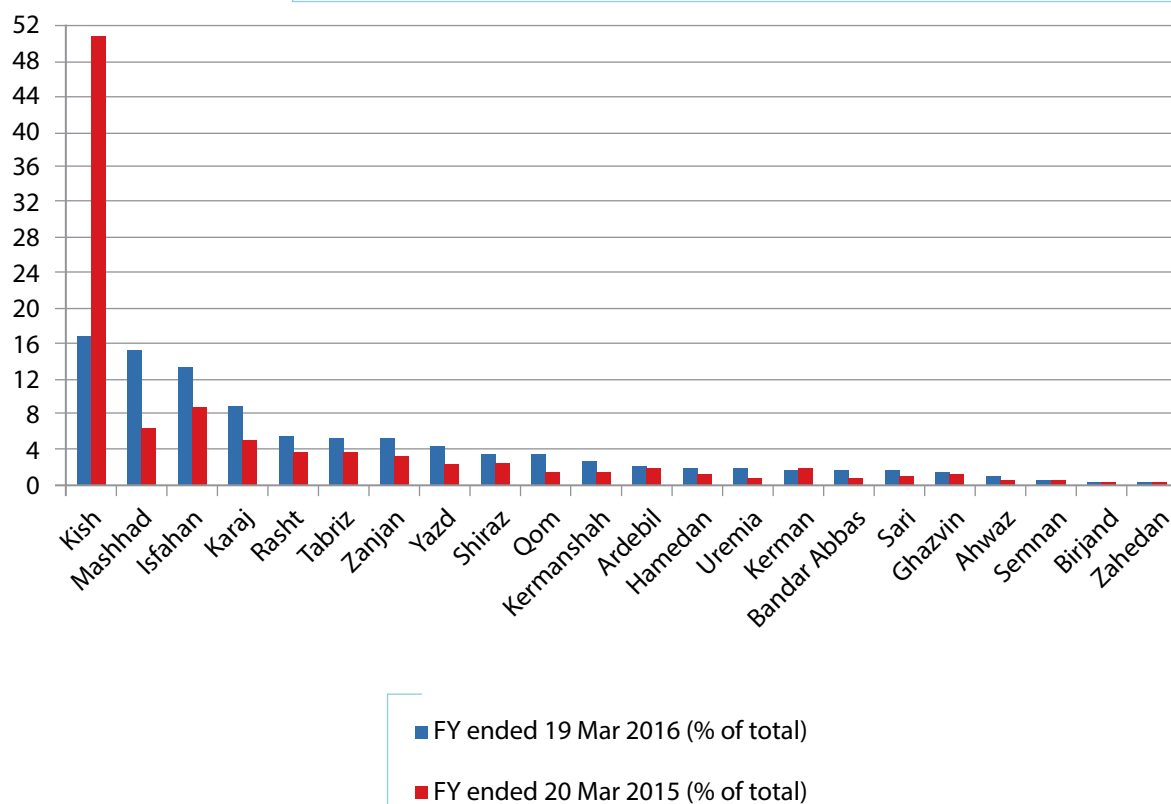
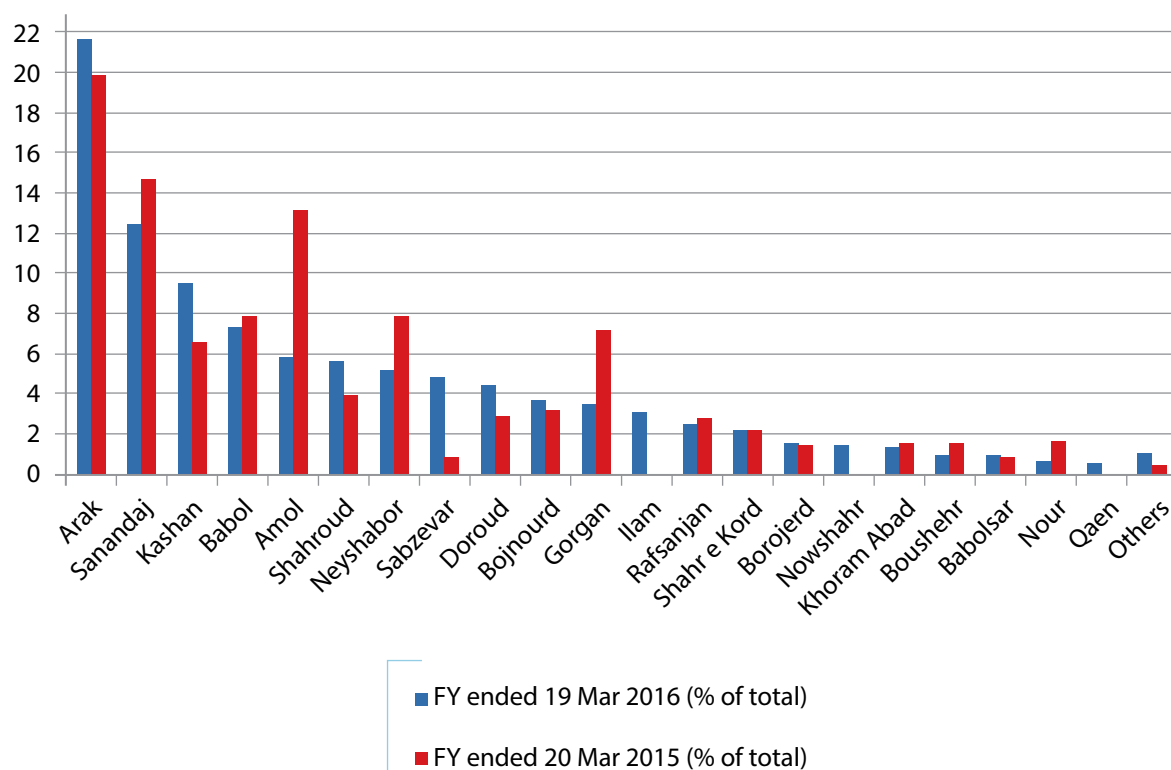


Chart 05 - Brokerage Firms Proprietary Provincial Floors (% of Total Value)



3. Corporate Governance

3.1. Board of Directors

The efficient CG trends are necessary for well performing of capital market and overall economy in order to maintain and raise public confidence. Weak CG may deteriorate market's confidence, which in its turn leads to outflow of resources, liquidity crisis and price crash in the Exchanges. As a matter of fact, corporates should be accountable not only to their shareholders, but also their investors and other members. Tehran Stock Exchange attempts to observe the highest ethics, punctual and transparent disclosure, as well as observing all rules, regulations and directives through the Exchange's CG directives implementation. This has made a set of inquiries, by which the board of directors and its committees to comply their activities with the requirements. The elected members of the board in the last FY held 21 sessions in order to rule efficient governance on the Exchange's affairs in line with shareholders benefits and other stakeholders' balanced profits. The board applies three technical and two subordinate committees for efficiency of its duties.

Table 22 – Tehran Stock Exchange's Board of Directors

<i>Board Member</i>	<i>Representative</i>	<i>Position</i>	<i>Education</i>
Mellat Financial Group	Mehdi Ghadami	Chairman	Civil Engineering, PhD
Mofid Securities Co.	Aliyar Salehi	Vice chairman	Industrial engineering, B.S.
Bank Tejarat Brokerage Firm	Seyed Mojtaba Fahim Hashemi	Non-executive board member	Accounting, B.S.
Bahman Investment Co.	Ali Rostami	Non-executive board member	Commercial management, PhD.
Saba Ta'min Investment Co.	Mohammad Reza Rostami	Non-executive board member	Financial management, PhD.
Pasargad Arzesh-afarinan Group	Ali Akbar Amin Tafreshi	Non-executive board member	Financial management, M.S.
Tadbir Investment Co.	Mojtaba Taghipour	Non-executive board member	Financial management, M.S.
Securities and Exchange Organization	Hassan Amiri	SEO supervisor	Financial management, PhD.
	Hassan Ghalibaf Asl	CEO	Financial management, PhD.

3.1.1. Auditing Committee

The committee is in charge of monitoring internal and independent external auditors, proposing independent auditors to the board of directors, as well as the shareholders in order to appoint auditors, determine their fee levels and dismiss them, reviewing or ratifying their activities, receive auditing reports and adopt the revisions. The auditing committee includes 6 members, at least 3 of them among the non-executive board members and the rest are appointed out of the Exchange by the board of directors.

In the financial year ended 19 March 2016, the committee members convened in 6 sessions, in which the independent auditor's letter, and interim and annual financial year's reports were reviewed and TSE's projects for capital increase, annual budget and independent auditors' authentication were studied.



3.1.2. Risk Management and Strategic Committee

The risk committee and strategic subsidiary commission are in charge of monitoring management activities in strategic policies and market risk control, as well as liquidity, operational, reputational and other risks.

Risk management committee is an integral part of the Exchange's risk control mechanism. The committee aims to help the management team to reach targets matched with the strategic plan. The members report all subjects they believe are related with governance, rule of law and risk management duties to the board of directors. The committee consists of 3 members, including a member of the board, one of the executive directors, appointed by the CEO and an accredited expert qualified by the board of directors. The committee had 1 meeting session last year.



3.1.3. Remuneration Committee

An overall oversight of the payments to the staff, and ensuring that compensations are consistent with organizational culture, goals, strategy and surveillance environment as described in the Exchange's vision are among this committee's responsibilities. There are 5 members in compensation committee, including the non-executive board member, the CEO, and logistics vice president or HR chief expert. 3 non-executive member of the committee are appointed by the board. The committee had 3 meeting sessions last year.

3.1.4. Rules and Regulations Committee

The board of directors has formed this committee in order to execute its own responsibilities more effectively. The rules and regulations committee is in charge of monitoring the executive procedures, as well as decision making on new trading offices authorization, members and issuers disciplinary infringing verdicts, etc. The committee reports the results of its reviews to the board members. There are 4 members in the committee, including 3 non-executive board members, as well as the CEO. The committee had 9 meeting sessions last year.

3.1.5. Construction Committee

Tehran Stock Exchange's new building construction project was started over a land as large as 2,621 sqm. in Sa'adat Abad region since 2010, Tehran. The committee acts to direct, apply proper policies and monitor the construction stages in this project. 3 board members, as well as the CEO, logistics vice president and 2 independent experts are the committee members with the project executor contractor as the committee's secretary. The committee had 6 meeting sessions last year.



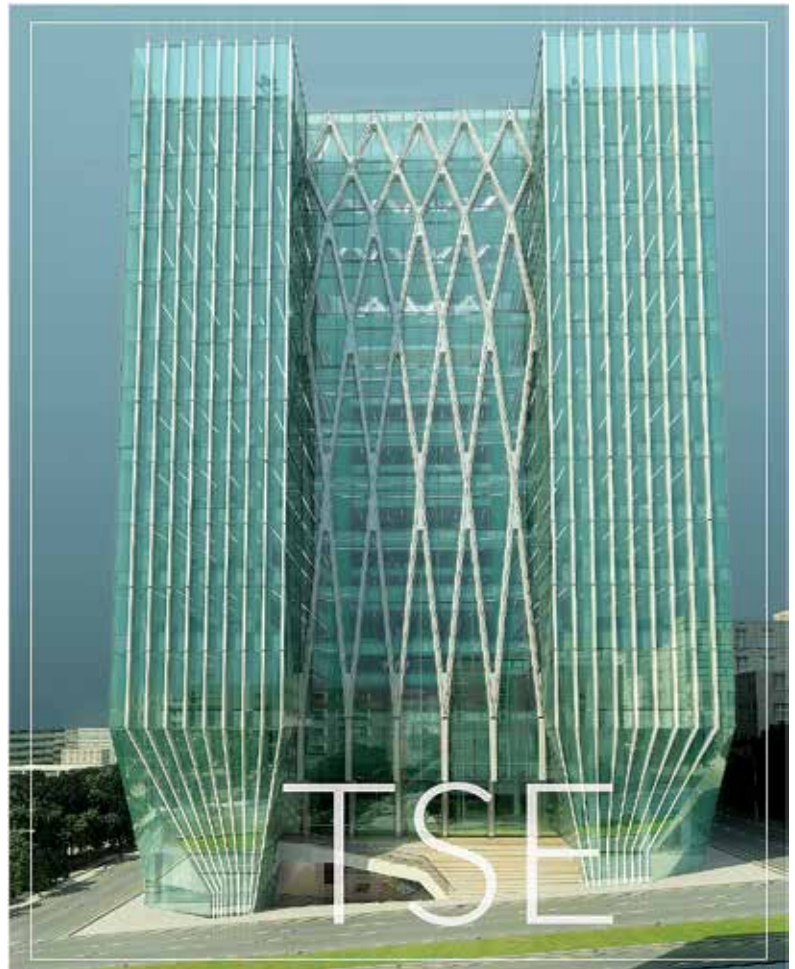
Table 23 – New building floors and space application

Floors	Application	Area sqm.
-6	Data center	2,579
-5 to -2	Parking	10,076
-1	Commercial use, training and assembly salons	2,217
GF	Lobby, trading floor	1,606
Mezzanine	Commercial use, investors assembly	1,362
+1 to +10	Administrative use	15,928
	Total area (17 floors)	33,768

“

The latest estimates of the project's expenses (including land, design and construction), as well as data center equal IRR 1,829 billion, out of which IRR 1,234 billion has been fully paid. The building was more than 79% physically constructed, and the financial obligations were %65 accomplished on 19 March 2016.

”



Zanjan_____

Financial Center Project



Land area: 1,000 sqm.

Ownership: Fully owned by TSE

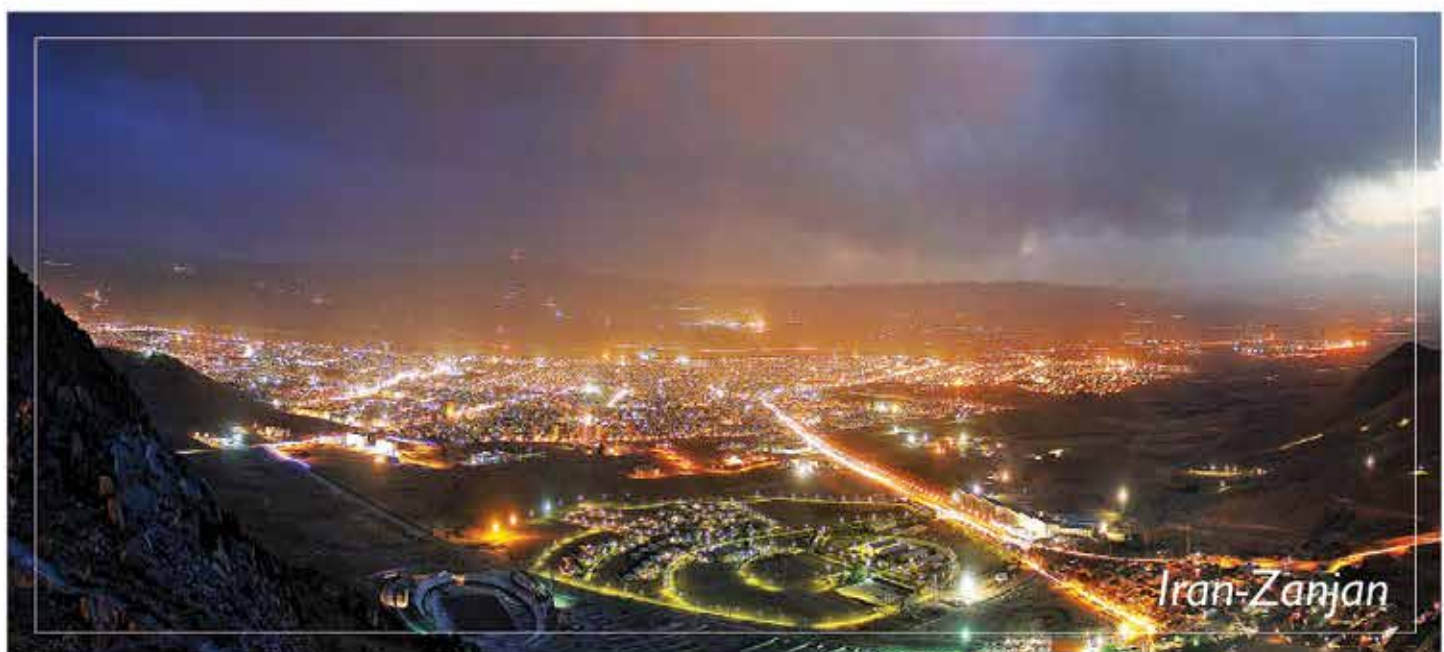
Number of floors: 3 undergrounds, ground floor + 4 floors above

Total area to be constructed: 5,128 sqm.

Total project costs (estimated): IRR 106,500 million

Project finishing period: 24 months

Financing sources: Mostly by TSE (capital increase and liquidity)



3.1.6. Board of Directors' Secretariat

Based on article 34 of the Exchange's statutes, the board of directors has a secretariat which operates under the chairman. This is in charge of arranging board meetings, documentation, as well as minute's preparation. The secretariat is the official reference for disclosing the board's decisions and the source for any request from the board.

3.2. Human Force

The following table illustrates the human capital TSE had in service for its current and development plans on 19 March 2016.

Table 24 – Human Force on 19 March 2016

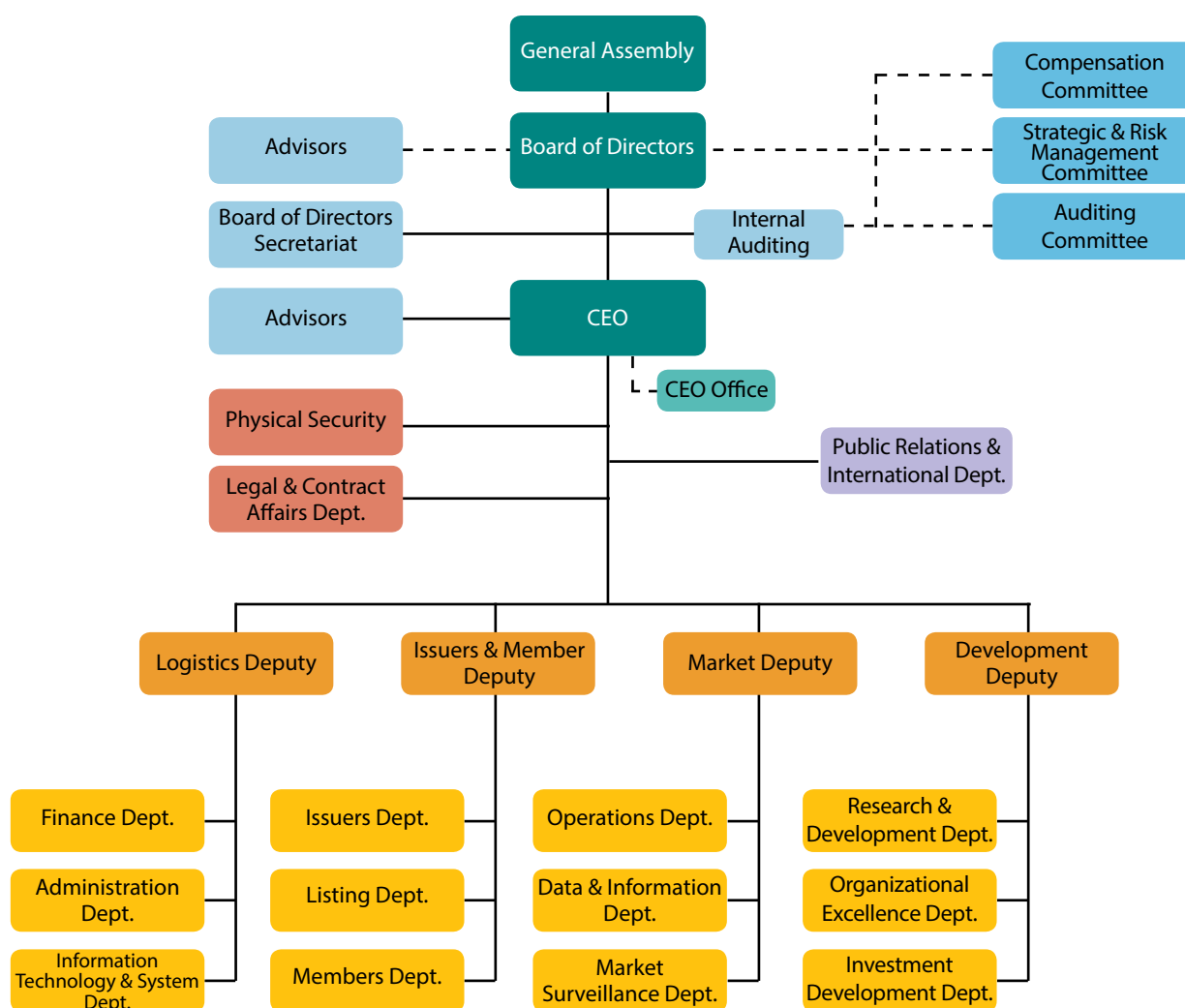
Education	Staff			% of total
	Tehran	Regional floors	Total	
PhD.	5	5	10	4
Master's	71	25	96	34
Bachelor's	57	42	99	36
Associate's	6	8	14	5
General Diploma and below	36	23	59	21
Total	175	103	278	100



TSE's Staff at Trading Floor

3.3. Organizational Chart

Tehran Stock Exchange's organizational chart is shown below. The board's appointed CEO is in charge of the executive affairs. The other executive directors operate under the CEO's supervision. There are four deputies, several directorates, as well as the CEO's department.



3.4. Independent Auditor and Legal Inspector

Bayat Rayan Auditing Institute is the independent auditor and legal inspector of Tehran Stock Exchange and Rahyaft Auditing Institute is the alternate one. The auditing committee of the Exchange sets remuneration and proposes the auditor to the general assembly.



Tehran Stock Exchange

Iran's Capital Market Financial Entities

1. Brokerage Firms
2. Investment Bank Firms
3. Investment Funds
4. Investment Firms
5. Holding Maker
6. Market Maker
7. Portfolio Manager
8. Investment Consultants
9. Financial Information Analysis Firms
10. Listing Advisor
11. Offering Advisor

www.tse.ir

4. Annual Performance and Achievements

In line with the macro strategies, development plans and current affairs were arranged for the fiscal year ended 19 March 2016, and accomplished as stated in the following table.

Departments	Development plans	Current programs
Issuers and members	<ul style="list-style-type: none"> •Publishing issuers' financial statements on TSE's website in English •Revising issuers' reporting and surveillance structure •Designing and calculating listed companies' corporate governance •Holding opening ceremony sessions for designated listed companies •Holding 2 industrial round tables for auto-manufacturing and leasing sectors •Industrial classification of the listed companies based on Industry Classification Benchmark (ICB) 	<ul style="list-style-type: none"> •7 companies were listed and 6 new companies' shares were offered, including 4 IPOs and 2 transferred from IFB. •4 new companies were admitted for subsequent listing. •Some sukuks and cooperation certificates were issued including IRR 500 billion BanaGostar Morabeha, IRR 700 billion Sabzevar Municipality bond, IRR 2,169 billion Shiraz Municipality bond, IRR 1,477 Isfahan Municipality bond, IRR 2,000 billion Oil Industry Pension Fund Investment bond, two separate National Iranian Oil Company's bonds at the total value of IRR 50,000 billion and IRR 1,629 billion National Industrial and Mining Development Istisna papers. •+500 visits to the member brokerage firms •+100K person/hour training courses in regional floors •Holding 1,170 person/hour training courses for issuers upgrading •Revising listed companies classification 174 new trading stations authorization and 77 licenses revocation
Development	<ul style="list-style-type: none"> •Index portfolio futures and option contracts development and regulatory approval •Comparative analysis of indices in other Exchanges and a feasibility study for developing new indices by global index providers •Finding required steps against a force majeure in the capital market •Marketing trouble shooting in the capital market and a comparative analysis of marketing methods in the prominent Exchanges •Calculating and analyzing market's and industrial risks and rating these risks based on external features including exchange rate volatilities, inflation, etc. •Finding new incentives for companies to be listed at TSE •Regulating the launching of debt discounting funds •Warrants launching feasibility study •A comprehensive study on different IPO models in the securities exchanges •Analyzing dividends payment regulations in selected countries •Revising TSE's blue-chip indices constituents selection directive •Analyzing investors' behavioral paradigms •Reviewing brokerage firms' surveillance methods 	<ul style="list-style-type: none"> •+22K person/hour technical and public for brokerage firms and market's participants •Holding 5 training seminars on new financial instruments in the regional floors •Publishing 7 new books and 6 technical brochures •Sponsoring related academic studies and research projects •Constant controlling and periodic plans' development sessions •Holding technical forum on market's micro structures and future contracts

Departments	Development plans	Current programs
Market	•Reporting improvement and upgrade via Business Intelligence	<ul style="list-style-type: none"> •Comprehensive operations of trading symbols halting and re-opening, equities' market making, trading cancellation, wholesale and bloc trading, unusual trading activities' discovery •Preparing market reports •Developing new contracts in futures market Constant surveillance operations
CEO and board of directors	----	<ul style="list-style-type: none"> •Hosting the AGM OF Federation of Euro-Asian Stock Exchanges in Isfahan •Holding Iran-Turkey Capital Markets Forum in Tehran •Preparing the required legal contracts •Legal analysis of TSE's trading directives •Replying legal applications and enquiries •Holding seasonal sessions with listed companies' shareholders and the media •Hosting 71 international visitor delegations to the Exchange



5. Board of Directors' Proposal for Dividend Payments and Capital Increase

The members of the board would like to ask the shareholders to accept their proposal for the payment of IRR 100 as DPS, and allocating the rest of EPS for reinvestment, due to the ongoing new building development project and other expansion plans. The feasibility study to increase the capital from IRR 1,100 billion to IRR 1,500 billion has been prepared with the auditor's report. The study and the report were submitted to the SEO for authorization.

6. Tehran Stock Exchange's Strategic Plan

TSE's strategic plan includes goals and macro strategies, as well as operational and development programs in 2016 as follow:

6.1. Goals

Goals are described in the following seven parts:

Goal1: increasing capital market's share in financing economic productive activities

Goal2: applying effective regulations and procedures in order to protect market's integrity and shareholders' rights

Goal3: deepening and expanding the market, as well as facilitating its public access with modern technology and updated processes

Goal4: improving financial literacy and investment culture in the country

Goal5: observing accountability and transparency to interact with all stakeholders

Goal6: Developing physical assets and human capital constant

Goal7: Making value for shareholders



6.2. Macro Strategies

The Exchange's Macro Strategies in Operational and Administrative Fields Include:

- Designing new financial instruments and trading mechanisms
- Public investment development and encouraging investors to indirect participation in the market
- Trading and surveillance infrastructure development and upgrading
- Improving listing advisors status and role in the listing process
- Facilitating trading access in cyber space
- Increasing efficiency in regional trading floors
- Developing investment culture and planning to raise investment base of the country
- Supporting disclosure system, aiming at mitigating risks and increasing transparency
- Creating advantage and brand management at TSE
- Effective application of international memberships and cooperation with international Exchanges
- Increasing incentives and constant improvements in the staff occupational attitudes
- Constant improvement of human sources capability and efficiency
- Developing interaction with the listed companies and providing new mechanisms for monitoring issuers and upgrading internal auditing
- Effective connections with the market's active participants to establish required regulations and deregulations
- Cash flow management by capital and money markets' mechanisms
- Reviewing organizational regulations and management settings
- Planning for less ownership centralization and more free float equities in the listed companies



7. Targets and Plans in 2016 - 2017

Department	Development plans	Current programs
Issuers and members	<ul style="list-style-type: none"> •Improving trading stations authorization process •Reviewing brokerage firms' surveillance directive •Revising brokerage firms' ranking directive •Upgrading brokerage firms' regulations for analyzing their financial statements •Ranking listed companies based on ICB classification •Developing foreign currency board •Regulating brokerage firms membership •Collecting listing applications and the related information by Listing Department's mechanized system •Reviewing foreign companies' listing directive •Holding new debt securities marketing sessions •Revising regional floors workshop syllabi 	<ul style="list-style-type: none"> •Listing 10 new companies and transferring 5 IFB's listed company •Listing 10 different funds •Listing 20 debt securities •Holding +144K person hour training courses in the regional floors •700 visits to the member brokerage firms •Holding 2000 person hour training courses on listing requirements •Calculating listed companies' corporate governance grade •Increasing listed companies' free-floated shares •Developing issuers' disciplinary mechanism • Issuers' reporting structure and surveillance format improvement •Receiving the listed companies' CG rating regulations •Holding constant meetings with investment funds managers •Holding industrial roundtables •Preparing listed companies' surveillance reports •Launching arrangements for the single-stock funds
Development	<ul style="list-style-type: none"> •Analyzing all member entities and TSE's relation with them •Studying the international financial entities presence in Iran's capital market •Reviewing requirements, infrastructures and consequences of launching algorithmic trading at TSE •Studying mechanism, advantages and shortcomings of cross listing •Reviewing different methods of dividend-backed issuing securities •Repo contracts feasibility study •Designing debt securities index •Providing foreign investment processes and procedures 	<ul style="list-style-type: none"> •Implementation of new indices, equities CD, Index portfolio futures, warrants, short selling, currency futures, and option contracts launching •Executing board members' decisions regarding the micro structures •Holding constant monitoring sessions and seasonal plans development controlling meetings •Increasing awareness about the new instruments and entities via 5 training courses in the regional floors and universities •Holding +20K person hour technical courses for the market's participants, brokerage firms, as well as general training courses •Publishing 5 new books and 4 brochures •Sponsoring related academic studies •Holding courses on securities exchange for the economics teachers •Public training on capital market
Administration	<ul style="list-style-type: none"> •Implementing ISO 34000 for human sources excellence •Revising human sources directives and regulations •Preparing financial statements based on international accounting standards •Launching mobile friendly website 	<ul style="list-style-type: none"> •Holding an average 30 hour training course per staff •Construction operations in the new building project •Receiving approval for the company's capital increase •Holding GA

Department	Development plans	Current programs
CEO and board of directors	<ul style="list-style-type: none"> •Updating FAQ section of TSE's website 	<ul style="list-style-type: none"> •Holding TSE's roadshow in London •Developing relations with the foreign embassies economic attaches in Iran •Seasonal meetings with the listed companies' shareholders and the media •Attending local and international exhibitions •Arranging international missions for TSE's staff •Documenting international attendance •Hosting foreign delegates visits to TSE •Contracting cooperation agreements and global membership •Revising capital market's regulations •Preparing and performing required legal procedures

Forecasted Income Statement for the Fiscal Year Ending 20 March 2017 (IRR million)

Item	FY 2016 (Equity method)	FY 2016 (Main)	Audited budget FY 2017 (Equity method)	Audited budget FY 2017 (Main)
Income from services	573,433	573,433	942,362	942,362
Costs of services	(222,572)	(223,572)	(278,609)	(278,609)
Gross income	349,861	349,861	663,753	663,753
Administrative and general expenses	(117,690)	(117,690)	(164,185)	(164,185)
Operating profit	232,171	232,171	499,568	499,568
Net other income and non-operating expenses	109,302	126,054	90,655	103,019
Profit before including affiliated company's profit (loss)	341,473	358,225	590,223	602,587
Share in affiliated company's profit (loss)	60,979	-	48,800	-
Tax on current operations	(61,647)	(61,647)	(124,934)	(124,934)
Net profit from current operations	340,805	296,578	514,089	477,653
Net profit per share	310	270	467	434



Tehran Stock Exchange

Tradable Instruments in TSE

1. Equities
2. Rights
3. Debt Securities
(Islamic Participation Papers, Sukuks, CDs)
4. Futures Contracts
5. Option Contracts
6. Exchange-Traded Funds

www.tse.ir



Financial Statements

For the Fiscal Year Ended March 19, 2016



Report of Independent Auditor to the General Assembly Tehran Stock Exchange Corporation

Report on the Financial Statements

1. We have audited the balance sheet of Tehran Stock Exchange Corporation as of 1394 and the income and cash flow statements of the Company for the fiscal year ended 2016/3/19, together with notes 28-1 thereof.

Board of Directors' Responsibility for the Financial Statements

2. The responsibility of financial statements is with the company's Board of Directors. The board of directors should plan, apply and maintain the relevant internal controls in order to prepare the financial statements which are free from material misstatements resulted from frauds and errors.

Auditor's and Legal Inspector's Responsibility

3. Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the Auditing Standard of financial statements. These standards require that we meet the requirements of professional ethics and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. The audit includes examining, on a test basis, evidences supporting the amounts and disclosures in the financial statements. Deciding on

the auditing methods is on the auditor's judgment and based on reviewing any risks of material misstatement resulted from frauds and errors in the financial statements. To review the risks, we assess internal controls related to the preparation and presentation of financial statements in order to plan the relevant audit methods in the current circumstances, not to express an opinion on the effectiveness of the internal controls. An audit also includes assessing the accounting principles and procedures used and significant estimates made by the Board as well as evaluating the overall fairness of financial statement presentation.

We believe that the obtained evidences are sufficient and appropriate to express our opinion on financial statement. Also, our responsibility is to report to the general assembly of shareholders on any noncompliance with the legal requirements set out in the Commercial Code as amended and the company's provisions of the Articles of Incorporation.

Opinion

4. In our opinion, the financial statements referred to above about Tehran Stock Exchange's Financial status on 19 March 2016 and its cash flows for the above financial year present fairly in all material aspects in conformity with Iranian Accounting Standards.

Report on Other Legal and Regulatory Requirements

Reports on Duties of Legal Inspector

5. The transaction included in the explanatory note 27 to the financial statements has been examined as all transactions subject to the Article 129 of the Commercial Code, which are conducted and reported to us by the Company's Board of Directors. We have not observed any evidences indicating that the transaction has not been conducted on the appropriate trade conditions and in normal course of the company's activities.

6. We have examined the report of the Board of Directors to the Annual General Meeting of the company in respect of the Company's general status and activities, as the subject of the article 232 of the Commercial Code. Based on our examinations, we have not observed any material cases of non-conformity of the provided information with books and records submitted to us by the Board of Directors.

7. With respect to compliance of companies registered with Securities and Exchange Organization with required rules and regulation, we have examined the disclosure procedure for these companies. We have not observed any material cases of non-compliance with the rules and regulations, except no timely disclosure of decisions made by Extraordinary and Annual General Meeting of the Company during the year.

Report on Other Auditor's Legal and Regulatory Responsibilities

8. With respect to the article 33 of anti-money laundering rules for auditors, we have examined the rules and procedures compliance in the framework of auditing standards. We have not observed any material cases of non-compliance with the rules and procedures.

Amirhossein Zahrabi

Alireza Jam

29 June 2016

Bayat Rayan Audit and Financial Services Firm

Tehran Stock Exchange Corporation Financial Statements

For the Fiscal year ended 19 March, 2016

We would like to submit the financial statements of Tehran Stock Exchange Corporation for The fiscal year ended 19 March 2016. Components of the financial statements are as followings:

A) Equity method Primary Financial Statements

- Balance sheet
- Income statement
- Retained earnings account balance
- Cash flow statement

B) Primary Financial Statements

- Balance sheet
- Income statement
- Retained earnings account balance
- Cash flow statement

C) Explanatory Notes

- History
- Basis for preparing Financial Statements
- Equity basis
- Significant Accounting policies
- Notes to the Financial Statements (items and numbers)

The financial statements have been prepared according to the National Accounting Standards and they have been approved by the Board of Directors on 31 May 2015.

Board Member

Mellat Financial Group
Mofid Securities Co.
Bank Tejarat Brokerage Firm
Bahman Investment Co.
Saba Ta'min Investment Co.
Pasargad Arzesh-afarinan Group
Tadbir Investment Co.

Representative

Mehdi Ghadami
Aliyar Salehi
Seyed Mojtaba Fahim Hashemi
Ali Rostami
Mohammad Reza Rostami
Ali Akbar Amin Tafreshi
Mojtaba Taghipour
Hassan Ghalibaf Asl

Position

Chairman
Vice chairman
Non-executive board member
Non-executive board member
Non-executive board member
Non-executive board member
Non-executive board member
Managing Director

Equity Method Balance Sheet - 19 March, 2016

Assets	Note	Restated 19 March, 2016 Million Rials	20 March, 2015 Million Rials	Liabilities & shareholders' equity	Note	Restated 19 March, 2016 Million Rials	20 March, 2015 Million Rials
Current Assets:							
Cash & Bank Balances	3	59,320	6,621	Trade and Nontrade Accounts Payable	11	260,910	80,499
Short Term Investments	4	290,121	432,828	Taxes Payable	12	56,964	58,709
Trade and Nontrade Accounts Receivable	5	140,263	68,043	Dividends	13	8,645	3,670
Prepayments	6	4,597	3,017				
Total Current Assets		494,301	510,509	Total Current Liabilities		326,519	142,878
Non-Current Assets:							
Long Term Receivables	5	25,692	15,048	Noncurrent liabilities:			
Long Term Investments	7	190,279	146,052				
Intangible assets	8	3,150	3,146	Provisions for Employees' Termination Benefits	14	41,415	28,043
Tangible Fixed assets	9	1,292,780	886,143				
Other Assets	10	3,513	1,000				
Total Non-Current Assets		1,515,414	1,051,389	Total Non-Current Liabilities		41,415	28,043
				Total Liabilities		367,934	170,921
Shareholders' equity:							
				Paid-in capital (1100 million shares paid totally)	15	1,100,000	900,000
				Legal reserve	16	76,198	61,369
				prudential reserve	17	62,138	65,823
				Retained earning		403,445	363,785
				Total Shareholders' equity		1,641,781	1,390,977
Total Assets		2,009,715	1,561,898	Total Liabilities and Shareholders' Equity		2,009,715	1,561,898

Explanatory notes are an integral part of financial statements.

Equity Method Income Statement for the Fiscal Year Ended 19 March, 2016

	Note	Fiscal year ended 19 March, 2016	Fiscal year ended March 20, 2015
		Million Rials	Million Rials
Services revenue	18	573,433	513,750
Cost of services	19	(223,572)	(181,027)
Gross income		349,861	332,723
Administrative and general expenses	20	(117,690)	(90,907)
Operating profit		232,171	241,816
Other non-operating income and expenses	21	109,302	135,348
Income irrespective of income from associate companies		341,473	377,164
Income from associate companies	7	60,979	47,764
Income before tax		402,452	424,928
Income tax	12	(61,647)	(61,846)
Net income		340,805	363,082
Revenue		158	166
Gains		152	164
Earnings per share	22	310	330

Retained Earnings Account Balance

Net Income		340,805	363,082
Retained earnings at the beginning of the period		364,639	469,135
Prior Period Adjustments		(854)	(1,086)
Retained Earnings Adjusted at the beginning of the Period			468,049
Capital Increase	15	(137,000)	(336,000)
Dividend Approved	13	(90,000)	(49,500)
Allocatable income		477,590	445,631
Legal reserve	16	(14,829)	(16,369)
Prudential reserve	17	(59,316)	(65,477)
Retained earnings at the end of the period		403,445	363,785

Explanatory notes are an integral part of financial statements.

Equity Method Cash Flow Statement for the Fiscal Year Ended 19 March, 2016

	Note	Fiscal year ended 19 March, 2016 Million Rials	Fiscal year ended 20 March, 2015 Million Rials
Operating activities:			
Net cash inflow from operating activities	23	379,455	241,935
Return on investments and interest paid for financing:			
Interest received from short-term investment and other securities		92,908	118,805
Earnings received		3,276	1,461
Dividends Paid		(85,025)	(48,808)
Net cash inflow (Outflow) from Investment Returns and interest paid for financing		11,159	71,458
Income tax:			
Income Tax paid		(63,392)	(117,900)
Investing activities:			
Payments for acquisition of tangible and intangible assets		(414,928)	(361,614)
Receipts from short term investment sales		142,707	98,672
payments for acquisition of long term investments		-	(1,653)
Receipts from tangible fixed asset sales		21	363
Decrease (increase) of prudential reserve		(2,323)	49,500
Net cash (inflow) out flow from investing activities		(274,523)	214,732
Net cash increase (decrease)		52,699	(19,239)
Cash Balance at the beginning of the year		6,621	25,860
Cash balance at the end of the year		59,320	6,621
Non-cash trades	24	200,000	2,047

Explanatory notes are an integral part of financial statements.

Balance Sheet - 19 March, 2016

Assets	Note	19 March, 2016 Million Rials	20 March, 2015 Million Rials	Liabilities & shareholders' equity	Note	19 March, 2016 Million Rials	20 March, 2015 Million Rials
Current Assets:							
Cash & Bank	3	59,320	6,621	Trade and Nontrade Accounts Payable	11	260,910	80,499
Short Term Investments	4	290,121	432,828	Taxes Payable	12	56,964	58,709
Trade and Nontrade Accounts Receivable	5	140,263	68,043	Dividends	13	8,645	3,670
Prepayments	6	4,597	3,017				
Total Current Assets		494,301	510,509	Total Current Liabilities		326,519	142,878
Non-Current Assets:							
Long Term Receivables	5	25,692	15,048	Noncurrent Liabilities:			
Long Term Investments	7	34,839	34,839				
Intangible assets	8	3,150	3,146	Provisions for Employees' Termination Benefits	14	41,415	28,043
Tangible Fixed assets	9	1,292,780	886,143				
Other Assets	10	3,513	1,000				
Total Non-Current Assets		1,359,974	940,176	Total Non-Current Liabilities		41,415	28,043
				Total Liabilities		367,934	170,921
				Shareholders' Equity:			
				Paid-in capital (1100 million shares paid totally)	15	1,100,000	900,000
				Legal reserve	16	76,198	61,369
				prudential reserve	17	62,138	65,823
				Retained earning		248,005	252,572
				Total Shareholders' equity		1,486,341	1,279,764
Total Assets		1,854,275	1,450,685	Total Liabilities and Shareholders, Equity		1,854,275	1,450,685

Income Statement for the Fiscal Year Ended 19 March, 2016

	Note	Fiscal year ended 19 March, 2016 Million Rials	Fiscal year ended March 20, 2015 Million Rials
Services revenue	18	573,433	513,750
Cost of services	19	(223,572)	(181,027)
Gross income		349,861	332,723
Administrative and general expenses	20	(117,690)	(90,907)
Operating profit		232,171	241,816
Other non-operating income and expenses	21	126,054	147,413
Income before tax		358,225	389,229
Income tax	12	(61,647)	(61,846)
Net income		296,578	327,383
Revenue		158	166
Gains		112	132
Earnings per share	22	270	298

Retained Earnings Account Balance

Net Income		296,578	327,383
Retained earnings at the beginning of the period		252,572	392,535
Capital Increase	15	(137,000)	(336,000)
Dividend	13	(90,000)	(49,500)
Allocatable income		322,150	334,418
Legal reserve	16	(14,829)	(16,369)
Prudential reserve	17	(59,316)	(65,477)
Retained earnings at the end of the period		248,005	252,572

Explanatory notes are an integral part of financial statements.

Cash flow Statement for the Fiscal Year Ended 19 March, 2016

	Note	Fiscal year ended 19 March, 2016 Million Rials	Fiscal year ended 20 March, 2015 Million Rials
Operating activities:			
Net cash inflow from operating activities	23	367,390	229,870
Return on investments and interest paid for financing:			
Interest received from short-term investment and other securities		92,908	118,805
Earnings received		15,341	13,526
Dividends Paid		(85,025)	(48,808)
Net cash inflow (Outflow) from Investment Returns and interest paid for financing		23,224	83,523
Income tax:			
Income Tax paid		(63,392)	(117,900)
Investing activities:			
Payments for acquisition of tangible and intangible assets		(414,928)	(361,614)
Receipts from short term investment sales		142,707	98,672
payments for acquisition of long term investments		-	(1,653)
Receipts from tangible fixed asset sales		21	363
Decrease (increase) of prudential reserve		2,323	49,500
Net cash (inflow) out flow from investing activities		(274,523)	(214,732)
Net cash increase (decrease)		52,699	(19,239)
Cash Balance at the beginning of the period		6,621	25,860
Cash balance at the end of the period		59,320	6,621
Non-cash trades	24	200,000	2,047

Explanatory notes are an integral part of financial statements.

1. Background

1.1. General

Tehran Stock Exchange Corporation has been founded according to the Securities Market Law approved on 22 November 2005, and registered with the number 286502 with the Companies & Non-commercial Institutions Registration Office in Tehran. The head office of the company is located in Tehran and has 22 Branches within the country and an independent registered branch in Kish Island by now.

1.2. Main Activities of the Company

According to the Provision 3 of the Articles of Incorporation, the main activities of the company are:

- Establishing, organizing and operating the Stock Exchange for making trades on listed securities by Iranian and foreign parties according to the law and regulations.
- Listing securities including securities of foreign issuers according to the law and regulations.
- Determining the brokerage membership conditions for different groups of members, admitting the membership applicants, and enactment and enforcement of professional and disciplinary principles.
- Providing conditions necessary for fair access of members to trades of listed securities.
- Cooperation and Consistency with the other financial institutions undertaking responsibilities related to securities trades, making researches, training, culture developing, and cooperation with other Iranian and foreign Exchanges to share information and experiences.
- Supervising well conduction of listed securities transactions and supervising issuers' activities. Providing, collecting, processing and issuing information related to securities, and performing other duties according to the law and regulations.

1.3. Number of Staff

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



2. Significant Accounting Policies

Summary of Significant Accounting Policies:

2.1. Basis for Preparing Financial Statements

The financial statements (primary financial statements and equity method financial statements) of the Company have been prepared mainly on historical cost basis and, where necessary, current values have been used.

2.2. Basis for Equity Method

2.2.1. Equity method financial statements have been prepared through aggregation of items of Tehran Stock Exchange financial statements with TSE's share of net assets of its associated companies including Farabourse (over the counter) Company and Central Asset Management of Capital Market, and Financial Center of Iran Company, less of unrealized gains and losses from transactions.

2.2.2. The investor company's share of associated companies' operation has been reflected in income and comprehensive income statements as the case may be.

2.3. Investments

Evaluation method	Equity method financial statements	Investor's financial statements
Long term investments:		
Investment in associates	Equity method	Cost (less accumulated impairment of investments)
Other long term investments	Cost (less accumulated impairment of investments)	Cost (less accumulated impairment of investments)
Revenue recognition method:		
Investment in associates	Equity method	At earning approval by the investee's general association of shareholders (until financial statements approval)
Other long term and current investments	At earning approval by the investee's general association of shareholders (until the balance sheet date)	At earning approval by the investee's general association of shareholders (until the balance sheet date)
Other current long term investments	On realized interest	On realized interest

2.4. Tangible fixed assets

2.4.1. Tangible fixed assets are carried on the cost basis. Other Costs related to tangible fixed assets for betterment and substantial repairs resulting in a significant increase of economic benefits from the asset, are added to book value of the asset and depreciated during the remaining useful life of the relevant assets. Costs necessary to maintain the normal capacity of the assets like costs for maintenance and insignificant repairs, are accounted for as expenses of the period when incurred.

2.4.2. Depreciation of tangible fixed assets are calculated based on the estimated useful life of the asset, according to the depreciation regulations included in the Article 151 of the amendment of the Direct Taxation Act approved in 1988 and on the basis of the following rates and methods:

Assets	Depreciation rate	Depreciation method
Buildings	7%	Reducing balance
Computer system and hardware	3, 10 year	Straight line
Administrative equipments	10 year	Straight line
Vehicles	%25	Reducing balance
Constructions of the rental building	3 year	Straight line

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

2.5. Foreign Currency Translation

Foreign currency items with the formal exchange rate at the balance sheet date and expenses 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 items are carried as following as the case maybe:

- a.** Translation differences of foreign currency liabilities related to qualified assets are capitalized as the cost of that asset.
- b.** Others are recognized as income or expenses of the period when incurred and reported in the income statement.

2.6. 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.

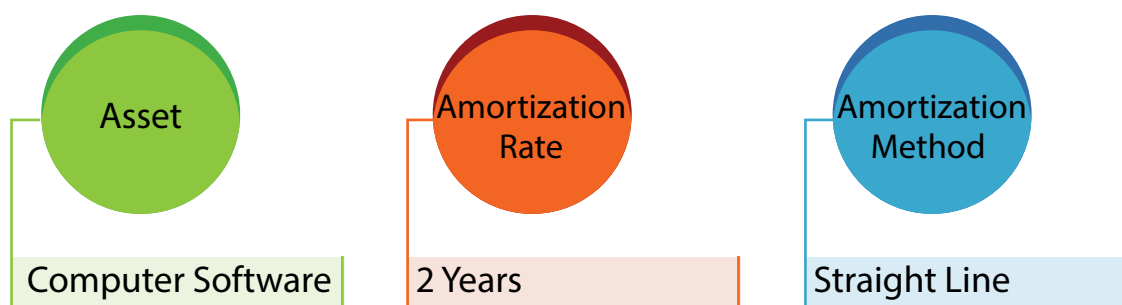
2.7. Revenue Recognition

Revenue sources of the Company are commissions from trading, admitting and listing fees, brokerage fees, broker services and other sources. The income resources are recognized as realizing over the time when services are rendered and as proportionate to the service time length.

2.8. Intangible Assets

2.8.1. Intangible assets are measured and carried on the cost basis.

2.8.2. Amortization of intangible assets with a certain useful life, is calculated considering the consumption pattern of expected future economic benefits and based on the following rates and methods:



3. Cash

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

		19 March, 2016 Million Rials	20 March, 2015 Million Rials
Cash with banks	3-1	55,187	5,533
Cash with fund and petty cash	3-2	4,133	1,088
Total		59,320	6,621

3.1. Cash at the balance sheet date has been included foreign currencies amounted (IRR 400 million in the last year) constituting 14,296.81 dollars and 254 Euro being translated with the rates 30,240 IRR and 33,935 IRR respectively, at the balance sheet date.

3.2. The balance of foreign currency fund has been included 10,896 Dollars, 5,161 Euro, 4,441 Pond and 2,665 Yuan which have been converted to 35,500 IRR, 39,400 IRR, 50,500 IRR and 5,500 IRR respectively, at the balance sheet date.

4. Short – Term Investments

At the balance sheet date investments consists of the following:

	Notes	March 19, 2016 Million Rials	March 20, 2015 Million Rials
Bank Pasargad deposits		100,000	100,000
Bank Parsian short term deposits	4-1	55,574	93,591
Bank Day deposits	4-1	134,547	200
Bank Tejarat deposits		-	5,064
Mashad Municipality participation Bonds		-	50,000
Gole Gohar Co. participation Bonds		-	183,973
		290,121	432,828

4.1. Bank Parsian Short term deposits and Bank Day deposits will be held for more than 3 months.

5. Trade and Non-Trade Accounts Receivable

5.1. Sort Term Receivables are Including:

	Note	March 19, 2016	Provision for doubtful debts	Net	March 20, 2015
Trade		Million IRR	Million IRR	Million IRR	Million IRR
Central depository and settlement corporation	5-1-1	29,858		29,858	12,051
Listed companies (listing fees)	5-1-2	15,816	(4,102)	11,714	5,778
Brokerage (rent and service, tax and value added duties)	5-1-3	48,701	-	48,701	12,303
Non-trade					
Associates:					
Faraborse Company (over the counter)	5-1-4	17,675	-	17,675	13,199
Financial Centre of Iran		1,402	-	1,402	224
Other:					
Rents from banks	5-1-5	3,196	-	3,196	3,142
Loans to Employees (current portion)		13,739	-	13,739	9,445
Income from short-term investment		6,327	-	6,327	7,326
Security for building lease		2,670	-	2,670	2,670
Energy Exchange		1,944	-	1,944	119
Security and Exchange Organization		-	-	-	339
Other		3,037	-	3,037	1,447
		144,365	(4,102)	140,263	68,043

5.1.1. The amount, as the trade commission for the company in the last three days of the year, has been deposited and settled by Central Depository and Settlement Corporation on 2016/3/28.

5.1.2. The amount includes 1,666 million Rial admission fee and 14,150 million Rial listing fee receivable from firms listed in TSE, from which the amount 4,102 million Rial is carried as Provision for doubtful debts. The provision is related to the balance of annual liability of some listed companies for listing fee and the liability of delisted companies. Up to financial statement approval, 1,123 million Rial has been received the receivables balance.

5.1.3. The amount include 8,446 million Rial for brokerage services and rentals and 40,255 million Rial for taxes and value added duty of the trading system access, trading stations rentals for 2010 - 2015 and membership fees for 2010 - 4 February 2013, which are carried as due from brokers based on the Securities and Exchange Brokerage Association agreement (refer to Note 11-4).

5.1.4. The balance of the receivables includes 16 billion Rials dividends related to the financial performance of the year ended 2016/3/19 and the others related to the company's share of incurred common expenses.

5.1.5. The amount is totally related to the balance of rentals from Bank Malli and Bank Mellat. Up to financial statement approval, the amount of 1,252 million Rials has been received.

5.2. Long Term Receivable

Non-trade:

19/3/2016				
Note	19/3/2016 Million IRR	Provision for doubtful debts Million IRR	Net Million IRR	20/3/2015 Million IRR
Employees (long term portion of loan)	25,692	-	25,692	15,048
	25,692	-	25,692	15,048

6. Prepayments

The balance of prepayments is including:

	Note	19 March, 2016 Million Rial	20 March, 2015 Million Dollars
Costs, goods and services	6-1	1,428	1,387
Tax		4,683	3,961
Insurance		3,169	1,630
		9,280	6,978
Tax reserve transfer	12	4,683	3,961
		4,597	3,017

6.1. Up to the financial statements approval, 1,362 million Rials of the prepayments refer to goods and services.

7. Long -Term Investments

Long term investments in companies are including:

Equity method				Restated	Investor	
Notes				March 2016 Million Rials	March 2015 Million Rials	March 2016 Million Rials
	No. of Shares	Investment%	Cost- equity	Cost- equity	Cost	Cost

Associated companies:

Farabourse Corporation (Over the counter)	7-1	80,000,000	20	160,206	126,190	20,000	20,000
Iran financial center (private Joint)	7-2	2,000,000	20	4,433	1,737	2,000	2,000
Central Asset Management Pvt.	7-3	200,000	20	13,009	5,494	208	208

Other long term investments:

Central depository and settlement corporation		25,000,000	5	10,000	10,000	10,000	10,000
Energy Exchange Corporation		2,610,000	0.5	2,610	2,610	2,610	2,610
Iran mercantile Exchange corporation		58,500	0.01	21	21	21	21

190,279 146,052 34,839 34,839

7.1. Investment in OTC of Iran is subject to Equity method as the following:

	Note	2016			2015		
		Share of net asset	Goodwill	Share of total net assets	Share of net asset	Goodwill	Share of total net assets
		Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Balance at the beginning of the year		126,190	-	126,190	94,253	-	94,253
Share of the financial year profit	7-1-1	50,016	-	50,016	43,937	-	43,937
Dividend received/receivable	7-1-2	(16,000)	-	(16,000)	(12,000)	-	(12,000)
		160,206	-	160,206	126,190	-	126,190

7.1.1. Income from investment of TSE in OTC, as amounted 50,016 million IRR, has been calculated and included in the financial statements based on equity method.

7.1.2. Share dividend of OTC has been IRR 150 per share for financial year ended 2015/3/20 and 200 IRR per share for financial year ended 2016/3/19 according to decision of the General Association of Shareholders on 2016/5/30.

7.1.3. Significant parts of OTC's balance sheet and income statements based on equity method for the financial year ended 2016/3/19 are as following:

Fiscal Year Ended 19 March 2016

Balance sheet			
	Million IRR		Million IRR
Current assets	564,456	Current liabilities	127,807
Non-current assets	449,843	Non-current liabilities	5,461
		Capital	400,000
		Reserves	173,852
		Retained profit	307,178
Total assets	1,014,299	Total liabilities and equity	1,014,299

Income statements	
	Million IRR
Services revenue	261,224
Expenses	(143,404)
Other income and operating & non-operating expenses	132,262
Net income	250,082

7.2. Investment in Financial Centre of Iran is subject to Equity method as the following:

	Note	2016			2015		
		Share of net asset	Goodwill	Share of total net assets	Share of net asset	Goodwill	Share of total net assets
		Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Balance at the beginning of the year		1,737	-	1,737	1,543	-	1,543
Share of the financial year profit	7-2-1	3,296	-	3,296	194	-	194
Dividend received/receivable	7-2-2	(600)	-	(600)	-	-	-
		4,433	-	4,433	1,737	-	1,737

7.2.1. Income from investment of TSE's in equity in Financial Center of Iran, as amounted 3,296 million IRR, has been calculated and included in the financial statements based on equity method.

7.2.2. Share dividend of Financial Center of Iran has been 300 IRR per share for financial year ended 2016/3/20 according to decision of the General Association of Shareholders on 2016/4/19.

7.2.3. Significant parts of Financial Center's balance sheet and income statements based on equity method for the financial year ended 2016/3/20 are as following:

Financial Year Ended 19 March 2016

Balance sheet				Income statements	
	Million IRR		Million IRR		Million IRR
Current assets	29,667	Current liabilities	6,365	Services revenue	36,266
Non-current assets	2,228	Non-current liabilities	363	Expenses	(22,692)
		Capital	10,000	Other income and operating & non-operating expenses	2,906
		Reserves	824	Net income	16,480
		Retained profit	14,343		
Total assets	31,895	Total liabilities and equity	31,895		

7.3. Investment in Central Asset Management Company is subject to the equity method as following:

	Note	2016			2015		
		Share of net asset	Goodwill	Share of total net assets	Share of net asset	Goodwill	Share of total net assets
		Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Balance at the beginning of the year		5,494	-	5,494	1,926	-	1,926
Share of the financial year profit	7-3-1	7,667	-	7,667	3,633	-	3,633
Dividend received	7-3-2	(152)	-	(152)	(65)	-	(65)
		13,009	-	13,009	5,494	-	5,494

7.3.1. Income from investment in Central Asset Management Company, as amounted 7,667 million IRR, has been calculated based on equity method and included in the financial statements.

7.3.2. Share dividend of Central Asset Management Company has been 327 IRR per share for financial year ended 2015/1/20 and 759 IRR per share for financial year ended 2016/1/20 according to decision of the General Association of Shareholders on 2016/4/3.

7.3.3. Significant parts of Central Asset Management Company's consolidated balance sheet and consolidated financial statements for the financial year ended 2015/1/20 are as following:

Consolidated Balance sheet			
	Million IRR		Million IRR
Current assets	100,829	Current liabilities	56,385
Non-current assets	22,513	Non-current liabilities	590
		Capital	1,000
		Reserves	360
		Retained profit	64,451
		Minority Interest	556
Total assets	123,342		123,342

Consolidated Income statements	
	Million IRR
Services revenue	23,540
Expenses	36,936
Other operating income and expenses	(21,824)
Minority interest	(316)
Net income	38,336

8. Intangible Assets

The intangible assets are including:

	Note	March 19, 2016 Million Rial	March 20,2015 Million Rial
Water Membership fee		1,738	1,738
Regional floor Branches		710	710
Software	8-1	507	503
22 Mobile lines and 33 telephone line		195	195
		3,150	3,146

8.1. Software in the company is including:

	Cost (Million Rials)			Retained Amortization (Million Rials)			Book value (Million Rials)	
	Balance on 20/3/2015	Purchases	Balance on 19/3/2016	Balance on 20/3/2015	During the year	Balance on 19/3/2016	Balance on 19/3/2016	Balance on 20/3/2015
Future Contract Software	700	-	700	700	-	700	-	-
Firm valuing software	177	-	177	172	4	177	-	5
Didgah software	251	68	319	32	101	133	186	219
Free floats follow-up system	112	21	133	22	44	66	67	90
Shareholders information software	93	58	151	8	50	58	93	85
Other Software	325	112	437	221	55	276	161	104
	1,658	259	1,917	1,155	254	1,410	507	503

Total costs and tangible assets amortization calculation are provided in note 4-2.

A summary list of costs items and tangible assets amortization for the financial year ended 19 March 2016 are as stated in the following table:

9. Tangible Fixed Assets

		Cost- million Rial					Retained depreciation-million Rial					Book value- million Rial		
Description	Note	Balance on 20/3/2015	Additions	Sold assets	Transfers and Others	Balance on 19/3/2016	Balance on 20/3/2015	During the year	sold assets	Disposal assets	Transfers	Balance on 19/3/2016	Balance on 22/9/2015	Balance on 20/3/2015
Land		327,567	6,780	-	-	334,347	-	-	-	-	-	-	334,347	327,567
Constructions on Hafez building		2,814	-	-	-	2,814	1,576	826	-	-	-	2,402	412	1,238
Building		18,997	-	-	-	18,997	7,169	828	-	-	-	7,997	11,001	11,828
Equipment, Fixtures and Computer	9-2	33,557	3,344	(53)	-	36,847	18,118	6,064	(32)	-	-	24,150	12,697	15,439
Vehicle		2,611	-	-	-	2,611	1,440	293	-	-	-	1,733	878	1,171
Total		385,546	10,124	(53)	-	395,616	28,303	8,011	(32)	-	-	36,282	359,335	357,243
Assets in progress	9-5	487,044	270,185	-	27,619	784,848	-	-	-	-	-	-	784,848	487,044
Capital prepayments	9-3	32,952	134,360	-	(27,619)	139,693	-	-	-	-	-	-	139,693	32,952
Capital inventory	9-4	8,904	-	-	-	8,904	-	-	-	-	-	-	8,904	8,904
Total		914,446	414,669	(53)	-	1,329,061	28,303	8,011	(32)	-	-	36,282	1,292,780	886,143

9.1. All tangible fixed assets amounted 56,347 million Rials are insured against fire, flood and earthquake,

9.2. Equipment and fixtures additions are mainly related to purchasing computers and hardware, and network equipments.

9.3. Capital prepayments consist of the following:

	19 March, 2016 Million Rial	20 March, 2015 Million Rial	Contract Subject	Type of guarantee
Nama Karan Hezareh Sevvom	79,232	-	Front implementation	Bank guarantee
Kahneh Mohandesy Mechanic	25,000	-	Purchase chiller	Bank guarantee
Venous Shishe	23,308	-	Buy Glass Facade	Bank guarantee
Novin Ertefa Elevators	6,440	-	Purchase Elevator	Bank guarantee
Taknaab Mohandesy	5,233	32,067	Complementary operation	Bank guarantee
Others	480	885	Buildings	Bank guarantee
	139,693	32,952		

9.4. The capital inventory balance amounted 8,904 million IRR refers to 480 tonnes ironware for construction of the new building delivered to Hampayeh company. In this respect, 98,607 billion IRR promissory note has been received according to the agreements.

9.5. The balance of assets in progress heading refers to the new building which almost 67% is completed up to balance sheet date. It is expected to be completed 100% up to the half of the year 1395.

	March 19, 2016 Million Rial	March 20, 2015 Million Rial
Estimated Building project costs	1,829,375	1,807,703
Costs incurred	1,233,635	(828,791)
Project financial progress (%)	67	46

9.6. The project is insured up to 351 Billion Rials (for all engineering risks and administration building).

10. Other Assets

Other assets are including:

	Note	March 19, 2016 Million Rial	March 20, 2015 Million Rial
A prudential reserve security with SEO	10-1	2,823	500
Nikoukari fund		500	500
Others		190	-
		3,513	1,000

11. Trade and Non-trade Accounts Payable

11.1. Short term payables:

Non-trade	Note	March 19, 2016 Million Rial	Mar 20, 2015 Million Rial
Performance bond deposit	11-2	16,394	19,324
Brokers	11-3	132,636	19,866
Provision for tax & value added duty	11-4	43,135	-
Insurance deposit	11-5	29,401	16,042
Employee's saving fund	11-6	14,995	10,975
Provision for employees' unapplied allowed leave		7,991	5,523
Securities and Exchange Organization	11-7	3,818	-
Taxes payable- payroll and withholding	11-8	3,731	3,249
Market Development Fund		3,462	-
Insurance premium	11-9	2,025	1,649
Provision for incurred and unpaid expenses	11-10	1,283	1,567
Information company		842	672
Other		1,196	1,632
		260,910	80,499

11.2. This amount is mainly related to Performance bonus deposit for the new building construction agreements.

11.3. This amount is mainly related to additional amounts received from some brokerages, which has been finalized on 2016/3/20 and paid and settled up to 2016/4/20.

11.4. The provision is subject to issuance of definitive tax and value added duty based on tax office directive dated 30 May 2016 for the financial years 2010-2015 which will be finalized once the definite tax and VAT documents are issued as mentioned in explanatory note 12-3.

11.5. This amount is mainly related to Insurance deposit for the new building construction agreements.

11.6. This amount is related to employee's investment deposit including 3% wages and salaries and 3% share of the company together with its profits.

11.7. This amount is mainly related to rentals payable to Securities and Exchange Organization for some trading floors.

11.8. This amount includes 2,025 million IRR as the payroll taxes at the end of the year and 1,705 million IRR as withholding tax, which have been paid to Tax Affairs Organization up to 2016/4/6.

11.9. This amount is related to insurance Premium of the last month payroll of the year.

11.10. This amount is mainly related to costs of water, electricity, gas and other outstanding expenses of the year 2015-2016

12. Tax Payable

Summary of the tax status is as the followings:

Fiscal Year	19 March, 2016 - (Million Rials)						20 March, 2015 (Million Rials)	Basis for recognition
	declared profit (Loss)	Income taxable	declared	assessed	finalized	paid	Payable balance	
20/03/2014	574,087	464,553	116,138	120,402	118,277	118,277	-	824
20/03/2015	327,383	247,382	61,846	68,800	63,466	63,466	-	61,846
19/03/2016	342,225	246,588	61,647	-	-	-	61,647	-
							61,647	62,670
						Clearing with tax prepayments	(4,683)	(3,961)
						Explanatory Note 8	56,964	58,709

12.1. Income tax of the years from 2006 to 2014 has been finalized and settled.

12.2. Tax and value added duty have been settled up to 2009.

12.3. The company management believes based on the Law for Development of New Financial Instruments and Institution article 9 approved on 16 December 2009, all operating revenues consisting trading and post-trade services for securities and commodities in all Exchange and over counter plat forms are tax and duty exempted. Also, as indicated in the directive ratifies on 4 February 2013 by the Securities and Exchange High Council, all operating revenues of the company are considered as securities trading services. The directive is signed by the incumbent Minister of Finance Based on the tax office's circular on 30 May 2016 on the mentioned topic, all Securities and Exchange High Councils directives, with some minor exceptions, were confirmed. For the remaining issues, some meetings with tax office authorities are being held.

12.4. The company's accounting's books have been reviewed to be conforming with tax and VAT regulations in 2010, 2011 and 2012, but no charging papers have been issued. The books have not been reviewed since 2015.

12.5. The company's accounting books have been reviewed to be conforming with tax and VAT regulations in 2013 and 2014 and total amount of IRR 27,429 million was charged. The company has claimed against such charging based on the explanations on part 12.3 above.

12.6. Referring to the tax directive dated 30 May 2016 and its possible amendment, the company is planning to fully make all its tax duties before 21 September 2016 to be rewarded by tax penalties impunity facilities number 200-95-050 dated 13 April 2016.

13. Dividends

	19 March, 2016 Million Rial	20 March, 2015 Million Rial
Dividend in 2015	6,594	-
Dividend in 2014	884	1,387
Dividend in 2013	141	821
Years before 2013	1,026	1,462
	8,645	3,670

Dividend approved in 2015 as amounted IRR 90,000 million has been scheduled. The balance of this account is related to a number of natural and legal shareholders without the introduced bank account. Up to financial statement approval, IRR 1,677 million of the above mentioned balance has been paid.

14. Provision for Employees Termination Benefits

Turnover of this account is as follows:

	19 March, 2016 Million Rial	20 March, 2015 Million Rial
Balance at the beginning of the year	28,043	19,144
Current year provision	13,745	10,176
Paid out during the year	(373)	(1,277)
Balance at the end of the year	41,415	28,043

15. Capital

The company's capital at the balance sheet date is 1,100,000 million IRR including 1,100 million non-bearer shares priced 1000 IRR and paid totally. At the balance sheet date, the company's shareholders according to the article 9 of the Constitution are classified as:

	19 March, 2016		20 March, 2015	
	Shares	%	Shares	%
Brokers	373,611,323	34	305,701,992	34
Financial institutions	432,035,990	39	353,555,992	39.2
Other	294,352,687	27	240,742,016	26.8
	1,100,000,000	100	900,000,000	100

Based on the general assembly's obligation and part B of article 99 in the 5th development plan, the company's symbol was registered in Iran Farabourse as BOURSE 1 for brokerage firms equities, BOURSE 2 for financial entities equities and BOURSE 3 for other investors on 5 September 2011. Based on the company's notice on 11 October 2011, traded equities certificate of deposit was issued for the shareholders in Iran Farabourse.

15.1. According to the article 11 of the Constitution, anybody in every time may own directly or indirectly (through related parties) maximum 2.5 percent of the company's share.

15.2. On 2015/7/15, the company's share has increased from 900 billion IRR to 1,100 billion IRR from retained profit and prudential reserves. The increase has been registered with Office for Registration of Companies on 2015/9/5. IRR 137 billion was funded by retained profits and IRR 63 billion by prudential reserves.

16. Legal Reserve

According to the articles 140 and 238 of Trade Law as amended and the article 64 of the Constitution, 14,829 million IRR from allocatable income has been transferred to the legal reserve. Based on provisions of the articles, a twentieth of net income should be transferred to the legal reserve until the reserve reaches 10% of the company's capital.

17. Prudential Reserve

According to the article 58 of the Constitution, general assembly should carry yearly a fifth of net income as the prudential reserve, before dividend payment. Also, based on Securities and Exchange Organization's permission, 63 billion IRR of the prudential reserve is capitalized and used in the Company's capital increase.

Prudential Reserve		
	2016/3/20 Million Rials	2015/3/20 Million Rials
Balance at the beginning of the year	65,823	114,346
Raising during the year	59,316	65,477
Transfer to the capital	(63,000)	(114,000)
Balance at the end of the year	62,138	65,823

18. Services Revenue

	Note	19 March, 2016 Million Rials	20 March, 2015 Million Rials
Income from trading commission	18-1	354,527	305,127
Income from broker services	18-2	177,746	165,554
Income from listing fees	18-3	19,892	25,256
Rentals	18-4	21,268	17,813
Total		573,433	513,750

18.1. According to the approval of the Securities & Exchange Organization, income from trading commission and future contracts commission has been calculated and received based on 0.8 in 1000 value of per transaction up to 400 million IRR.

	19 March, 2016 Million Rial	20 March, 2015 Million Rial
Normal transactions	273,353	293,102
Wholesale	74,867	9,604
Future contracts and participation bonds	6,307	2,421
	354,527	305,127

18.2. Income from broker services consist of the following:

	Notes	19 March, 2016 Million Rials	20 March, 2015 Million Rials
Trading system fees	18-2-1	151,900	140,327
Exchange floor trading station fees		15,642	15,367
Brokerage fees		10,204	9,683
Trading stations permit fees		-	177
Total		177,746	165,554

18.2.1. According to the Board of directors' approval number 244 part 3 on brokerage Firms service fees changes since March 2014, trading system fees have been increased IRR 25 million for every trading floor and brokerage fees have been increased 10% up to IRR 1,200 million maximum, provided that, fixed and changing trading system fees do not exceed IRR 200 million.

18.3. Income from listing fees consist of the following:

	Note	19 March, 2016 Million IRR	20 March, 2015 Million IRR
Listing fees	18-3-1	15,712	15,625
Admission fees	18-3-2	4,180	9,631
		19,892	25,256

18.3.1. According to the approval of the Securities and Exchange Organization, Listing fees are as equivalent to 0.002 of capital and maximum 50 million Rials for every year. Listing fees in the first half of the year is from 314 listed companies.

18.3.2. According to the approval of the Securities and Exchange Organization, admitting fees are annually as equivalent to 0.002 of capital and maximum 500 million Rial for the companies that their capital are equivalent or less than 250 billion Rials and 1000 Million Rials for the companies that their capital are more than 250 billion IRR .The fees are received only at the admission time. There is no new company listed in the first half of the current year and the listing fees are from the last year.

18.4. Income from regional floors' rental is related to the agreements entered into by brokerages for using offices.

19. Cost of Services:

The costs of services are including:

	Note	19 March, 2016 Million IRR	20 March, 2015 Million IRR
wage and salary	19-1	155,675	123,427
Supply and maintenance of Regional floors	19-2	46,044	41,521
Floors security forces fees		14,597	9,912
Computers, communications and technology costs		3,468	3,484
Conference and exhibition costs		3,194	2,152
Council duty		440	399
Marketing and development of markets and financial instruments		154	132
		223,572	181,027

19.1. Items of salary and wages are including:

	Note	19 March, 2016 Million IRR	20 March, 2015 Million IRR
Salary and wages	19-1-1	74,737	59,322
New year bonus and rewards		39,433	32,336
Insurance premium by employer		16,426	12,367
Employee's termination benefits		9,720	7,151
Over time pay		9,896	7,129
Mission allowance and traveling costs		1,933	2,139
Others		3,530	2,983
		155,675	123,427

19.1.1. Wages and bonuses include part-time and full-time staff remuneration and consist of housing and grocery payments, labour payment, child allowance, deposit funds, non-cash payments and personnel training fees.

Increases in the direct wages and salaries are as a result of approvals by the board and the ministry of labor and social affairs.

19.2. The cost of supply and maintenance of regional floors are including:

	Note	19 March, 2016 Million IRR	20 March, 2015 Million IRR
Rentals for regional floors buildings	19-2-1	26,446	23,446
Depreciation costs		6,790	5,987
Repair and maintenance of floors		3,527	3,428
Water, Electricity, Telephone and Gas		3,711	3,218
Services fee		1,352	1,878
Entertainment		1,000	955
Duty		906	446
Consumer goods		528	608
Transfers		450	359
Other		1,334	1,196
		46,044	41,521

19.2.1. An increase in rentals for regional floors buildings is due to an increase of the amount in the rental contracts.

20. General and Administrative Expenses

	Note	19 March, 2016 Million IRR	20 March, 2015 Million IRR
Salaries and wages	20-1	79,698	62,372
Rent of building		11,563	10,459
Withholding and legal tax		4,050	511
Water, Electricity, Phone and Gas		3,945	3,039
Legal expenses		2,623	929
Membership fee of professional associations		2,156	471
The Board bonus		2,100	1,925
Entertainment		1,768	1,564
Administrative and consumable supplies		1,649	1,534
Depreciation Cost		1,476	1,494
Council duty		1,465	1,858
Meetings		1,059	1,162
Publication cost		901	645
The board attending compensation		654	740
Transfers		605	466
Doubtful debts cost		-	298
Computer supplies		485	216
Repair and maintenance		351	482
Others (less than IRR 100 million)		1,142	742
		117,690	90,907

20.1. Compensation costs are including:

	19 March, 2016 Million IRR	20 March, 2015 Million IRR
Salaries, wages	36,713	28,531
bonus and rewards	21,411	14,119
Over time payments	7,561	5,752
Insurance premium by employer	7,643	5,800
Employees' termination benefits	4,026	3,488
Mission allowances and traveling costs	650	2,715
Others	1,694	1,967
	79,698	62,372

21. Net Other Income and Non-Operating Expenses

	Note	Equity method		The Company	
		19 March, 2016 Million IRR	20 March, 2015 Million IRR	19 March, 2016 Million IRR	20 March, 2015 Million IRR
Bank deposit interest		57,051	109,292	57,051	109,292
Contribution bonds		34,858	12,654	34,858	12,654
Income from rentals	21-1	15,051	12,516	15,051	12,516
Central depository corporation's dividend		3,000	1,500	3,000	1,500
Energy Exchange dividend		261	87	261	87
Net profit (loss) of the foreign currency exchange		48	2	48	2
Iran mercantile Exchange dividend		15	12	15	12
Over the Counter Exchange dividend		-	-	16,000	12,000
Central Asset Management dividend		-	-	152	65
Financial Center of Iran dividend		-	-	600	-
Income from tangible fixed assets sale		1	272	1	272
Total		(983)	(987)	(983)	(987)
		109,302	135,348	126,054	147,413

21.1. The mentioned income is from the signed contracts with Bank Melli, Bank Tejarat, Bank Mellat, Bank Saman, Bank Saderat, Bank Parsian for their lobby rentals in Hafez building, Bank Resalat in Hamedan regional floor and Bank Saman in Karaj regional floor.

22. Earnings (Loss) Per Share

	Equity method		Investor	
	2016/3/19	2015/3/20	2016/3/19	2015/3/20
	Million IRR	Million IRR	Million IRR	Million IRR
Operating earnings	232,171	241,816	232,171	241,816
Tax effect	(51,118)	(59,216)	(58,118)	(59,216)
	181,053	182,600	174,053	182,600
Non-operating earnings	170,281	183,112	126,054	147,413
Tax effect	(3,529)	(2,630)	(3,529)	(2,630)
	166,752	180,482	122,525	144,783
Pre-tax earnings	402,452	424,928	358,225	389,229
Tax effect	(61,647)	(61,846)	(61,647)	(61,846)
	340,805	363,082	296,578	327,383

22.1. Weighted average number of ordinary shares for calculating EPS is 1,100 million equity shares.

23. Reconciliation of Operating Profit

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

	Equity Method		The Company	
	19 March, 2016 Million IRR	20 March, 2015 Million IRR	19 March, 2016 Million IRR	20 March, 2015 Million IRR
Operating profits	232,171	241,816	232,171	241,816
Increase in employees' termination benefits	13,372	8,899	13,372	8,899
Depreciation expenses	8,266	7,481	8,266	7,481
Decrease (increase) in operating accounts receivable	(79,176)	(12,421)	(79,176)	(12,421)
Increase (decrease) in prepayments	(1,580)	126	(1,580)	126
Decrease (Increase) in operating accounts payable	180,411	(27,562)	180,411	(27,562)
Associated companies' dividend	12,065	12,065	-	-
Other non-operating income and expenses	13,926	11,531	13,926	11,531
	379,455	241,935	367,390	229,870

24. Non-cash Trades

Non-cash trades of the financial year are related to capital increases from retained earnings and prudential reserve, as amounted 200 Billion IRR.

25. Contingent Liabilities and Capital Obligations

25.1. According to the last estimates regarding to construction costs of the new building of the company (1,829,375 million IRR) on 2016/3/19, from which 1,233,635 million IRR has been paid up to the balance sheet date, the capital obligations of the company are totally 238,722 million IRR.

	Amount	paid	Capital
	Million IRR	Million IRR	Million IRR
Completion operation	293,064	292,647	417
Contractor	178,894	171,497	7,403
Advice and plan	104,358	66,052	34,645
Plan management	9,380	9,619	-
Qualitative control and workshop oversight	26,724	24,678	2,046
Excavation	14,200	17,616	-
Chiller	83,900	25,000	58,900
Elevator	32,200	6,440	25,760
Facade	149,178	74,589	74,589
Transformer	4,877	4,877	-
Glass façade	58,270	23,308	34,962
Total	955,045	716,323	238,722

25.2. Privatization Organization (plaintiff) claim the arbitration committee of the article 30 of the law for implementing article 44 of the constitution against the company (one of the defendants in the second row) for charging to receive the 3% deposit payment in the wholesale transaction of Bank Tejarat and Saipa was referred to, in Tehran's general court of law, branch 21. The branch reversed the arbitration committees decision and announced the law suit should be competently referred to in the Securities and Exchange Organization's arbitration committee based on article 37 of the national supreme court. The case has been referred to the Securities and Exchange Organizations arbitration committee for scrutiny and voting. The company believes due to the fact that the case is not related to it and the deposit amount was in the disposal of the central securities depository of Iran, the verdict will be rejected to the benefit of the company, and no penalty shall be borne by.

25.3. Regarding a claim against the company for charging loss payment to the amount of IRR 53 billion, the arbitration committee was referred to, and the payment of the amount was voted for. The company has reciprocally opened another case in the judicial complex Adalat branch 107 for the verdicts annulment.

26. Post Balance Sheet Date Events

No significant post balance sheet event has occurred requiring adjustments or disclosures in the financial statements.

27. Related parties transactions

27.1. Related party transactions and transactions subject to article 129 of Trade Law as amended:

Description	Party	Relationship Type	Transactions subject to the Article 129 of the Commercial Code	Lease	Listing fees	Broker services	Brokerage fee	Publication fees	Guarantees
	Bank Tejarat	Board member	✓	1,335	50	-	-	-	Million IRR
Parent company	Bank Tejarat Brokerage	Board member	✓	425	-	1,625	100	-	-
	Mofid Brokerage	Board member	✓	1,486	-	2,750	100	-	-
Associates	Farabourse Co (over the counter)	Board member and common member	✓	-	(100)	-	-	-	-
	Financial Center of Iran	Board member and common member	✓	-	-	-	-	1,373	-
Other	Securities and Exchange Organization	supervisor	-	31,214	-	-	-	-	2,823

27.2. The balance of related party transactions:

Description	Party	Relationship type	Trade receivables Million IRR	Non-trade receivables Million IRR	Non-trade payables Million IRR	Dividend Million IRR	19/3/2016		20/3/2015	
							Due from	Due to	Due from	Due to
							Million IRR	Million IRR	Million IRR	Million IRR
Parent company	Central Depository and Settlement Co.	Investee	29,858	-	-	-	29,858	-	12,051	-
	Bank Tejarat	Board member	-	-	-	-	-	-	306	-
	Bank Tejarat Brokerage	Board member	-	-	1,920	-	-	1,920	-	-
	Mofid Brokerage	Board member	-	-	13,799	-	-	13,799	-	-
	Total		29,858	-	15,719	-	29,858	15,719	12,357	-
Associates	Farabourse (OTC)	Board member and common member	-	1,675	-	16,000	17,675	-	13,199	-
	Centran Asset Management Co.	Board member and common member	-	-	-	152	-	-	-	-
Other	Financial Center of Iran Co.	Board member and common member	-	1,402	-	600	-	-	-	-
	Securities and Exchange Organization	Supervisor	-	-	3,818	-	-	3,818	339	-

28. Retained Earnings at the End of the Year:

Retained Earnings allocation depends on general assembly approval:

	Amount Million IRR
28.1. Legal duties:	
Division of minimum 10% of net profit according to the Article 190 of the Commercial Code as amended.	29,657
Board of Directors proposal:	
Dividend proposed by Board of Directors (100 IRR per share)	110,000



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