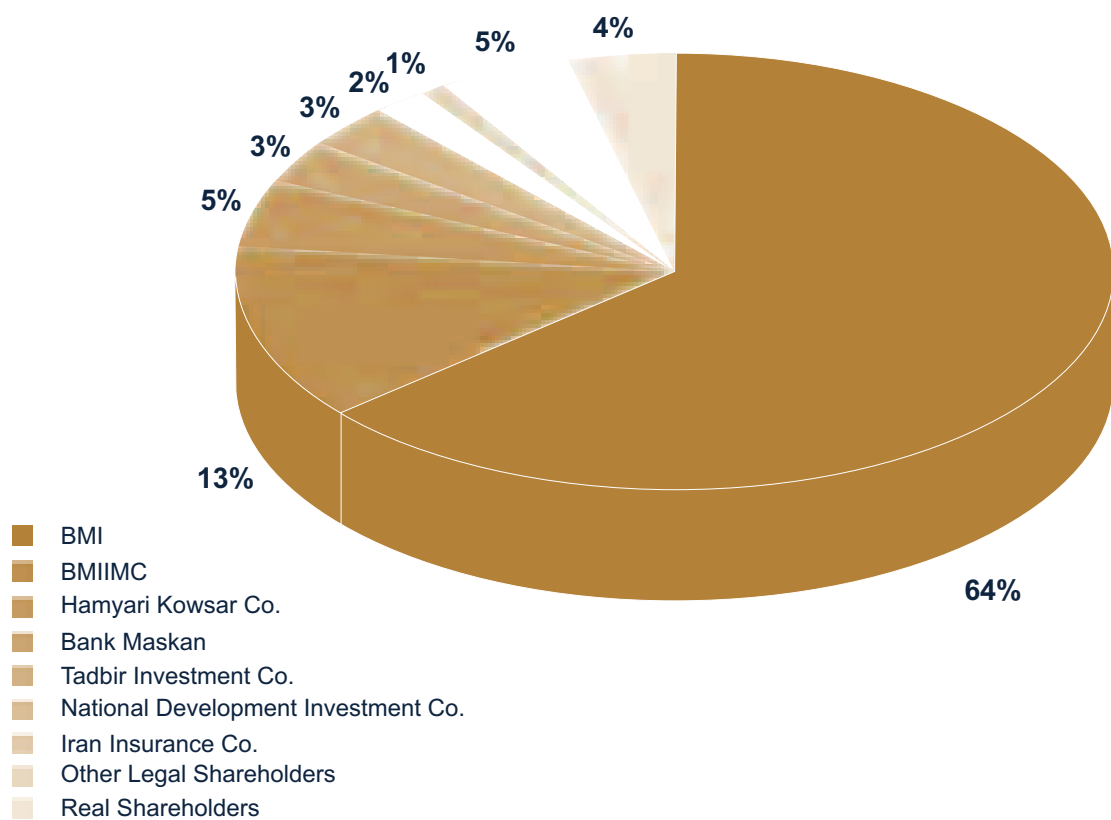




## Summary of Shareholder's Transaction from 21/03/2006 to 20/03/2007

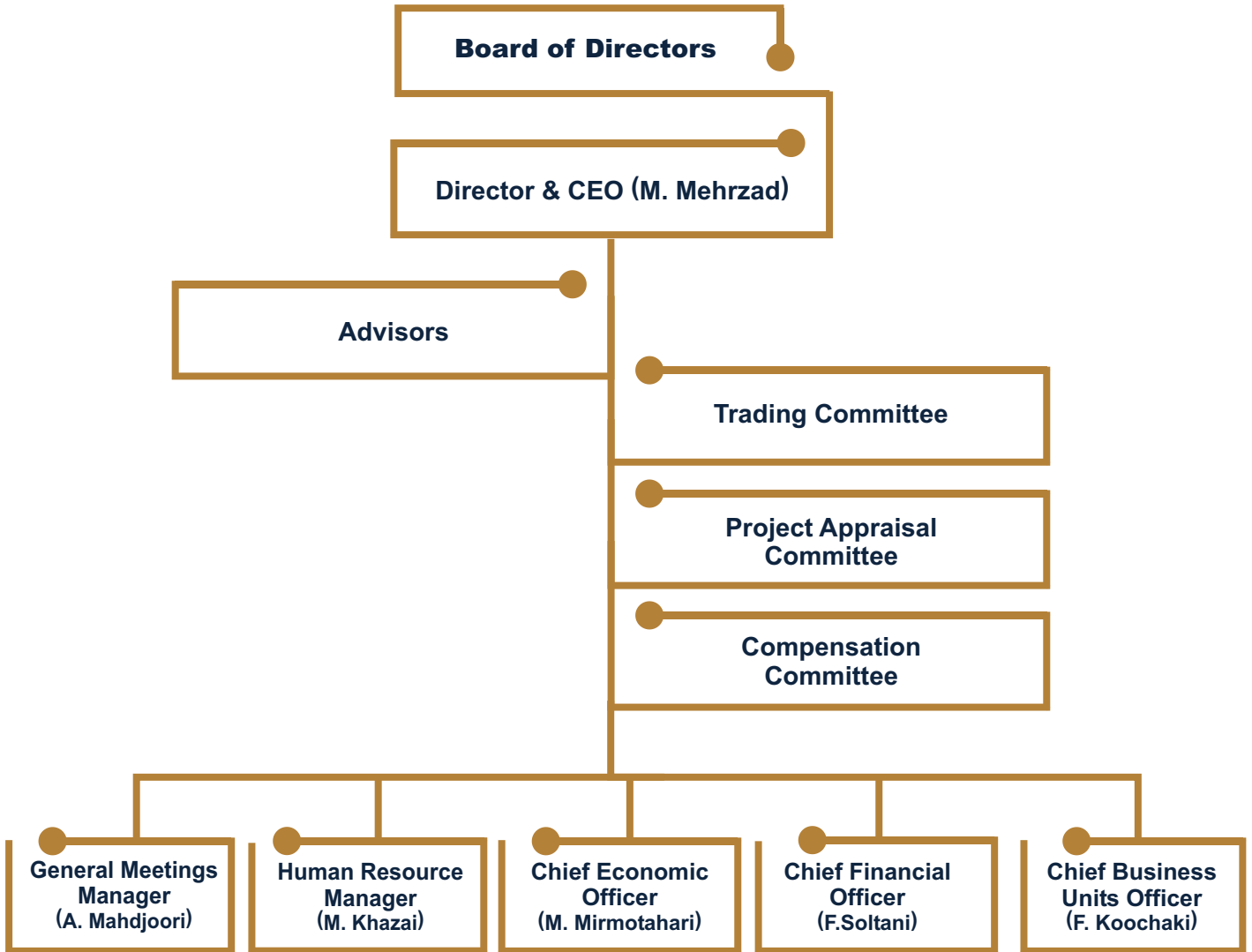
Shareholders	Share Inventory		Purchase	Sale	Share Inventory	
	March 21 <sup>st</sup> , 2006	Percent			March 20 <sup>th</sup> , 2007	Percent
Bank Melli Iran	2,061,096,383	64.01%	0	0	2,061,096,383	64.01%
Bank Melli Iran Investment Management Co.	399,164,151	12.40%	15,420,256	4,900,000	409,684,407	12.72%
Hamyari Kowsar Co.	155,633,328	4.83%	0	0	155,633,328	4.83%
Bank Maskan	111,975,393	3.48%	10	17,235,832	94,739,571	2.94%
Tadbir Investment Co.	85,981,684	2.67%	200,000	500,000	85,681,684	2.66%
National Development Investment Co. (Public Joint Stock)	55,523,769	1.72%	332,000	0	55,855,769	1.73%
Iran Insurance Co.	43,587,861	1.35%	2,225,255	40,000	45,773,116	1.42%
Pension Support Fund of Steel Personnel Inst.	16,716,448	0.52%	1,200,001	165,000	17,751,449	0.55%
Teachers Investment Co.	14,865,008	0.46%	2,143,425	50,000	16,958,433	0.53%
Pension & Saving Fund for Banks Employees	13,474,908	0.42%	0	0	13,474,908	0.42%
Bouali Investment Co. (Public Joint Stock)	7,923,890	0.25%	2,220,090	0	10,143,980	0.32%
Pension Fund for Banks Employees Investment Co.	9,910,000	0.31%	0	0	9,910,000	0.31%
Mines & Metals Development Investment Co.	10,402,030	0.32%	0	45,000	10,357,030	0.32%
Bank Tejarat	12,230,271	0.38%	0	3,477,780	8,752,491	0.27%
Madar Management Services Co. (Private Joint Stock)	1,664,136	0.05%	5,564,445	0	7,228,581	0.22%
Saba Jahad Investment Co. (Public Joint Stock)	6,688,909	0.21%	0	0	6,688,909	0.21%
Iran Central Insurance	6,670,810	0.21%	630,000	872,679	6,428,131	0.20%
Sepah Investment Co.	6,207,705	0.19%	0	0	6,207,705	0.19%
Shomal Cement Co.	5,959,295	0.19%	0	0	5,959,295	0.19%
National Iranian Investment Co.	3,057,920	0.09%	2,898,451	135,000	5,821,371	0.18%
Sobhan Investment Co. (Private Joint Stock)	3,008,056	0.09%	1,846,291	0	4,854,347	0.15%
Kharazmi Investment Co.	3,552,968	0.11%	0	0	3,552,968	0.11%
Other Legal Shareholders	46,367,909	1.44%	10,391,133	26,403,272	30,355,770	0.94%
Real Shareholders	138,337,168	4.30%	31,503,178	22,749,972	147,090,374	4.57%
<b>Total</b>	<b>3,220,000,000</b>	<b>100.00%</b>	<b>76,574,535</b>	<b>76,574,535</b>	<b>3,220,000,000</b>	<b>100.00%</b>

Composition of Major Shareholders





### Organizational Chart



## Main Performance Indexes

Considering the general economical conditions of Iran, it is feasible to present a proper principle of company activity parameters in the fiscal year. In this part of report, company's main operation indexes for the fiscal year ended 20/3/2007 is presented as follows:

### 1) Total Company Revenues

Total company revenues for the mentioned fiscal year was more than 1,601,067 million Rials which compared to the estimated budget projection indicates a 33% reduction and is comprised of the following items:

	million Rls
Income from Investment in Companies	1,089,240
Income from Investment in Projects	399,662
Income from Sales of Companies' Shares	101,991
Income from Participation Bonds & Deposits at Banks	10,174
Total	1,601,067

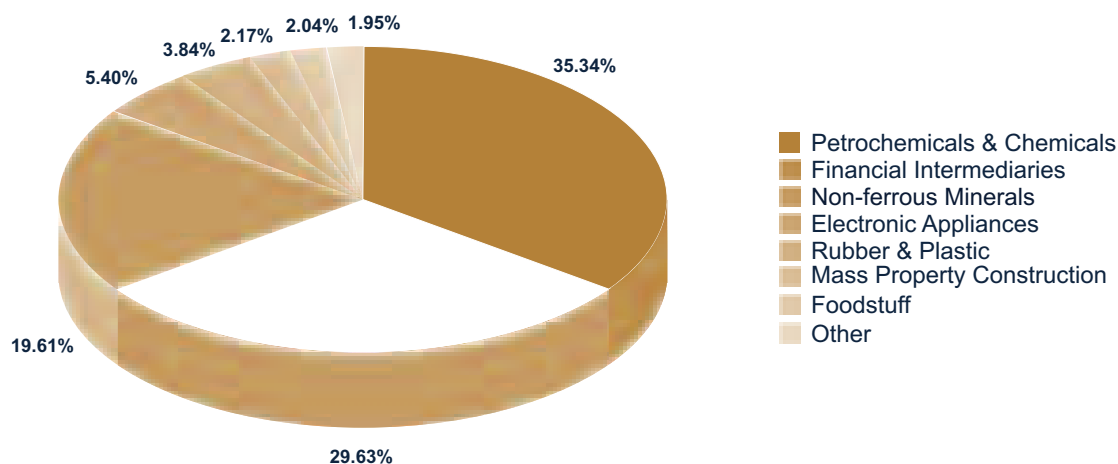
### 2) Earnings Per Share (EPS)

Actual net earning per share for the aforementioned fiscal year was 266 Rials. At the beginning of the period the EPS was projected at 700 Rials / share of which 266 Rials was realized. The EPS adjustments were periodically reported to the public through TSE. Main reduction was due to the prevailing condition on the capital market and mandating the company to provision for investment devaluation which was reflected on the EPS (62% reduction) from the first date of announcement.

32 Rials of EPS for previous year is retained as capital provision and remaining 234 Rials of actual EPS may be allocated for distribution and/or retained earnings.

#### The Share of Investee Companies in Income from Investments

Industry Group	Profit Quota (million Rls)	Ratio to the Overall Portfolio (million Rls)
Petrochemicals & Chemicals	384,980	35.34
Financial Intermediaries	322,716	29.63
Non-ferrous Minerals	213,599	19.61
Electronic Appliances	58,865	5.40
Rubber & Plastic	41,865	3.84
Mass Property Construction	23,684	2.17
Foodstuff	22,239	2.04
Other	21,292	1.95
Total	1,089,240	100.00



### 3) Market Value of the Listed Companies

Market value of the shares of listed companies are used as a performance index of investment companies. The aforementioned value increased from 2,954 Rials at the beginning of the fiscal year to 2,985 Rials at the end of the period which indicates an increase of 100,471 million Rials of TSE share portfolio in total mentioned companies' values. The main increase was the result of capital increases in Arak Petrochemical, Kerman Rubber and purchase of new TSE shares.

### 4) Net Asset Value Per Share (NAV)

The share value of investment companies are usually determined by NAV but the final price determination is by consideration of other influencing factors. Net asset value per share described on the Balance Sheet on 20/3/2006 is 3,769 Rials per share which compared the same figure at the beginning of the period was 3,800 Rials presenting a reduction of 31 Rials equivalent to one percent.

The mentioned reduction translates into net assets value of slightly more than 101,630 million Rials leading to an increase in finished costs of TSE and non-TSE shares. With such consideration, the mentioned value at the date of Balance Sheet reached a total of more than 12,134,633 million Rials.

### 5) Company Investments

As it can be viewed, finished cost of BMIIC investments rose from more than 11,294,680 million Rials at the beginning of the period to more than 11,895,274 million Rials at the end of the period, which shows a more than 600,594 million Rials (5%) growth in finished costs at the beginning of the period. The details of changes in investments are reflected in the following table.

	million RIs
Investment in Shares of Listed Companies	671,907
Investment in Shares of Other Companies	70,369
Investment in Purchasing Buildings	(137,692)
Participation Bonds	(3,990)
Total	600,594

## 6) Composition of the Portfolio

By the mentioned investments, the composition of the portfolio and its comparison with the same previous period is illustrated in table below:

No.	Industry	20/03/2007		20/03/2006	
		Investment Amount	Percent	Investment Amount	Percent
1	Exploiting Ferrous Minerals	669	0.01	116	0.00
2	Mass Property Construction	177,455	1.49	165,130	1.46
3	Foodstuff & Beverage	536,001	4.51	489,879	4.34
4	Banks: Credit Institutes & Other Monetary Funds	16,088	0.14	25,000	0.22
5	Industrial Contracting	2,903,269	24.41	2,750,376	24.35
6	Multi Function Industrial	5	0.00	5	0.00
7	Wood, Carton, Paper & Packaging	10,828	0.09	10,828	0.10
8	Transportation, Warehouse & Communication	0	0.00	0	0.00
9	Electronic Appliances	56,692	0.48	56,604	0.50
10	Base Metal Products	1,507	0.01	0	0.00
11	Computer & Related Activities	45,656	0.38	45,656	0.40
12	Textile Industry	474,085	3.99	463,500	4.10
13	Oil Products, Coke & Nuclear Energy	713	0.01	713	0.01
14	Machinery & Equipments	211,170	1.78	174,630	1.55
15	Fabricated Metal Products	23,708	0.20	23,708	0.21
16	Non-ferrous Mineral Products	2,733,839	22.98	2,598,693	23.01
17	Rubber & Plastic Products	80,794	0.68	80,650	0.71
18	Chemical Products	790,128	6.64	622,679	5.51
19	Financial Intermediaries	3,414,725	28.71	3,224,926	28.55
20	Motor Vehicles	46,701	0.39	48,666	0.43
21	Participation Bonds	25,110	0.21	29,100	0.26
22	Projects	346,130	2.91	483,822	4.28
	Total Portfolio	11,895,274	100.00	11,294,680	100.00
	Decrease Reserve	724,480		119,188	
	Book Balance	11,170,793		11,175,491	



Stock portfolio of BMIIC began with inclusion of shares of 124 companies from 21 industrial groups, of which BMIIC is authorized to appoint directors in 26 companies and entitled to control and supervision.

76 percent of company's daily market value corresponds to shares of TSE enlisted companies and remaining to non-TSE companies and other investments.

Industry Group	Market Value (million RIs)	Qouta from Market Value of the Portfolio
Financial Intermediaries	3,383,305	26.78%
Non-ferrous Minerals	3,151,591	24.95%
Chemical Products	3,171,204	25.10%
Industrial Contracting	617,899	4.88%
Other	2,309,532	18.29%
Total	12,633,531	100.00%

Company's daily portfolio value at the end of 20/3/2007 was more than 12,634 billion Rials with finished cost of 11,895 billion Rials which indicates a 6 percent value added to finished cost. This is under the conditions that due to observation of standards the company assets are valuations are reflected at finished cost.

In addition, company's daily portfolio value reveals an increase compared to the value at the beginning of the period.

### 7) Share Transaction Volume

During the period being reported, a total of 55,428 billion Rials of the various company shares were traded at TSE, while the same figure for the previous year was more than 56,531 billion Rials. More than 5,967 billion Rials of the aforementioned (previous year 6,955 billion Rials) was the contribution of multipurpose industrial companies. The amount accounts for 10.77% of the total transaction volume.

BMIIC share transaction volume was 202 billion Rials equivalent to 3.39% of those traded for multipurpose companies.

## 8. Significant Future Plans, Projects & Activities

Some of the following plans and activities in continuation of those already reported to the general assembly of previous years and some are presented as future plans of the company in 2007/08 and following years:

### 1) Preparation & Strategic Planning for BMIIC & Some Subsidiaries

- On one side, this program must be designed reflecting the principles and guidelines of highest rank policymakers of the organization and on the other side must contain proper adjustments to the economical and political conditions of the society.
- Preparation and compiling of such programs requires awareness toward variable influencing the capital market, environmental conditions, laws and regulations specifically relating to TSE as well various company activities.
- Compiling such programs with consideration of aforementioned and participation of internal forces and following methodology was done during the period being reported for BMIIC and its subsidiaries:
- **Review of Global Economy including:**
  - Oil prices and its fluctuations
  - Price of base metals and price fluctuations
  - Main foreign currencies and study of related exchange rates
  - Examining and analysis of significant parameters of global economy
  - Global scale of political economy
  - Study of international stock exchange status
- **Review & Analysis of Country's Economic Status including:**
  - Study of 20-year overview
  - Examination of 4th Five Year Economic, Social and Cultural Development Plan
  - Review of budget for current year (along with its supplements)
  - Study of country's macro scale economic parameters in current year
  - Examination of country's budget for the next year
  - Analysis and predictions regarding country's economic status in next year
  - Examination of political events influencing country's economy
  - Study of other economic issues, if necessary
- **Examination of Country's Various Economic Scopes including:**
  - Study and analysis of Industrial, service, petroleum and agricultural sector
  - Review of various industries such as petrochemical, mining, automotive, cement, etc.
  - Examination of investment companies' status including holdings
  - Study of TSE status

- **Recognition of BMIIIC**

- Review of BMIIIC's portfolio composition in past five years
- Study of BMIIIC's activities in past five years
- Analysis of performance indexes in past five years

- **Key Success Factors & Overview**

- Key objectives and values
- Long-term objectives
- Key success factors

- **Identification of Key Capabilities, Weaknesses & Strengths**

- **Seeking Key Strategies**

- **Making Strategies Operational**

Long-term objectives are those goals desired to be reached by organizations. Long-term objectives are usually more challenging, measurable and difficult to achieve. Long-term objectives are defined with the consideration of organization's mission and internal and external factors.

- **BMIIIC's Long-term Goals are as follows:**

- To become the largest investment company traded on TSE in terms of market value
- To achieve capabilities for competing with top ranking investment holdings in the region
- To have high level of expertise and capabilities to absorb proper investment opportunities
- In reality long-term objectives and planning of BMIIIC, which will be presented later, are strategies and tools that are utilized to achieve the long-term objectives

**2) Continuing to Finalize the Specialized Holding Companies such as:**

- To perform economic studies, investment and participation in plans and projects in oil, gas, petrochemical, downstream and related industries and finally formation of a specialized holding company for this sector
- Investment and participation in plans and projects of real estate and property industry and to strengthen the related specialized holding

Considerable profitability and low investment risk in real estate and property led to the establishment of Melli industry and construction Co. in 2003/04 to enable BMIIIC to play a more significant role in respective market. Thereafter BMIIIC put great emphasis on expanding the activities of Melli industry and construction Co.

- To expanding the activities of cement specialized holding to further influence the cement market

- Stipulations in most important governmental documentations, such as 20-year projections of 5-year Economical, Social and Cultural Development plans and general policies of Article 44 of Constitution, etc. promotes actions toward economical development are foreseen and indispensable, also considering the fact that one of the prerequisites for reaching this goal are strengthening and development of Iran's non-oil economy, certainly the industries that enjoy a relative advantage in the country will have more favorable future positions including petroleum, gas, petrochemical and cement industry.
- To develop and finalize food industry specialized holding to provide more efficient management, specialization and synergy.

### **3) Continuous Supervision & Providing Assistance & Support to Improve the Status of Iran Marine Industrial Co. (SADRA)**

- Considering the sharp plunge in the share prices of SADRA and its substantial impact on BMIIIC portfolio and understanding the fact that without improvement in SADRA's current status the improvement in BMIIIC's portfolio will be unfeasible, selection and implementation of a proper strategy is placed as top priority on BMIIIC's agenda.

### **4) Expedition of Activities of BMIIIC's Office in Dubai (BMIIIC G.T.)**

- Inline with optimal use of international market presence, BMIIIC established its Representative Office in Dubai in 2004/05 to absorb foreign investments and receive soft foreign currency loans and have an active presence in and amongst international financial markets and organizations. This office has been responsible for the following:

Registration of a holding investment Co. in Dubai International Financial Centre (DIFC) with following future plans:

- Strive to enlist some of BMIIIC subsidiaries in Dubai International Financial Exchange (DIFX)
- Formation of various specialized investment funds
- Obtaining a credit ranking from reputable financial institutions

### **5) Development & Completion of Investment Process in Power Plant & Energy Conversion Plans & Projects due to Substantial Domestic Demands, Governmental Supports & Acceptable Return on Investment**

- Currently, the company is participating in many projects in electrical power supply and hopes to deliver the project and to use the financial resources and funds from Dubai Office for the start of other new projects.

### **6) Effective Presence in Tehran Stock Exchange (TSE) through National Development Investment Co. & Bank Melli Iran Investment Co. & Establishment & Expansion of Investment Funds in Accordance with Article 44 General Policies Directives & Special Status of TSE**

## **7) Entry to Risk-prone Investments**

**8)** Participation with job creators and execution of new ideas and short-term projects in observance of governmental policies regarding job creation through granting facilities to small businesses and short-term projects. It seems that participation and establishing communication with job creators and use of government facilities can prove to be beneficial

**9)** Systematic, all around and permanent review of portfolio companies and continuation of sales of saleable shares through *Sarmayeh Madar Management Services*.

**10)** Cooperation with non-Iranian companies to promote foreign investment, such as establishing a Private Investment and Development Bank, joint investment, taking into account the decisiveness of authorities toward achieving objective that are set forth in Development Plans as well as inevitability using foreign investment to accomplishment of the goals. Foreign investment is a driving force for economical growth and development of countries and in specific developing countries.

**11)** Entering the macro commerce scenes through establishment and commissioning of National Trade Development International Company. This company was established and activated in 2007/08 with participation of National Development Investment Co. and Hamyari Kowsar Institute and capital of 50 billion Rials.

**12)** Research on opportunities and threats of Iran's membership in World Trade Organization (WTO). The result of this research is the options which will guide toe company to benefit from opportunities and therefore to create a competitive advantage.

**13)** Continuous communication with financial, economical, management consulting service centre and preparation of a complete database on financial service, economic and management consulting companies.

**14)** Review and implementation of comprehensive mechanized information systems to obtain financial reports, budget and planning and progress reports on subsidiaries' development projects.





## A. Summary of Investment Performance in Shares of Listed Companies

The table below demonstrates investments on shares of listed companies during the reported period:

Description	Notes	Cost price	
		million RIs	million RIs
Balance of Investments at the beginning of the Fiscal Year			8,081,196
Purchasing Shares of Companies	A - 1	183,835	
Participation in Capital Increase of Companies	A - 2	528,863	
Selling the Shares of Investee Companies	A - 3	(40,791)	
Provision for Value Decrease of Investments	A - 4	(604,231)	
Balance of Investments at the End of the Fiscal Year	A - 5		8,148,872

### A.1. The purchasing of shares of the rated companies

The table below contains information regarding the purchase of shares of the listed companies, broken down into the type of industry:

No.	Industry	Amount - million RIs
1	Financial Intermediaries	138,790
2	Banks, Credit & Financial Institutes	16,088
3	Industrial Contracting	13,015
4	Chemical Products	6,706
5	Motor Vehicles	2,998
6	Base Metals Production	1,700
7	Exploitation of Ferrous Minerals	1,152
8	Machinery & Equipments	876
9	Foodstuff & Beverage	820
10	Non-ferrous Minerals	778
11	Transportation, Warehouse & Communication	380
12	Electronic Appliances	359
13	Mass Property Construction	95
14	Oil Products, Coke & Nuclear Energy	78
	Total	183,835

**A.2.** Details of 528,863 million Rials as participation in capital increase are as follows. It is worth mentioning that 72,808 million Rials reflected on financial intermediations is related to capital increases of shared portfolio.

<b>Industry</b>	<b>Capital Increase</b>
Industrial Contracting	139,878
Chemical Products	166,681
Foodstuff	58,394
Rubber & Plastic	143
Textile	11,059
Financial Intermediaries	72,808
Non-ferrous Minerals	79,751
Motor Vehicles	107
Electronic Appliances	42
	<b>528,863</b>

**A.3. Sales of shares of listed companies**

The sales of shares were mainly for the purpose of revenue generation and liquidity adequacy to fulfill commitments and new investments, the detail of which is given by industry breakdown:

<b>Industry</b>	<b>Sales</b>
Financial Intermediaries	24,510
Chemical Products	6,107
Motor Vehicles	5,071
Mass Property Construction	2,307
Machinery & Equipments	876
Exploitation of Ferrous Minerals	599
Transportation, Warehouse & Communication	380
Non-ferrous Minerals	358
Electronic Appliances	312
Base Metals	193
Oil Products, Coke & Nuclear Energy	78
	<b>40,791</b>



**A.4.** In 2006/07 an amount of 604,231 million Rials of investment devaluation provision are considered, of which 580 billion Rials is allocated for the share devaluation of SADRA. Although calendar value of assets corresponding to the investments are more than the finished costs but in order to protect shareholders' long-term interest and to reduce future profit risks, share devaluation provision has been calculated and accounted for.

**A.5.** The status of portfolio of investments in TSE enlisted companies at the end of the period:

Summary of the portfolio information of the shares of listed companies (rated shares) based on industry is as follows:

(Amounts in million RIs)

No.	Industry	No. of Companies	Investment %	Balance at the End of the Period	Market Value at the End of the Period	Added Value
1	Financial Intermediaries	7	36.28	2,956,145	3,007,796	51,651
2	Industrial Contracting	1	29.33	2,389,698	617,899	(1,771,799)
3	Non-ferrous Minerals	14	11.20	912,521	1,337,108	424,587
4	Chemical Products	9	8.19	667,531	3,048,607	2,381,076
5	Foodstuffs & Beverage	8	5.29	431,149	192,535	(238,614)
6	Textile	5	4.63	377,612	159,031	(218,581)
7	Machinery & Equipments	3	1.23	99,966	97,089	(2,877)
8	Mass Property Construction	2	1.20	97,800	81,079	(16,721)
9	Rubber & Plastic Products	1	0.99	80,794	421,770	340,976
10	Electronic Appliances	5	0.69	56,293	570,611	514,318
11	Motor Vehicles	7	0.42	34,153	33,957	(196)
12	Fabricated Metal Products	4	0.29	23,708	14,075	(9,633)
13	Banks, Credit & Financial Institutes	1	0.20	16,088	14,610	(1,478)
14	Wood, Carton, Paper & Packaging	3	0.03	2,521	12,248	9,727
15	Base Metals	3	0.02	1,507	1,485	(22)
16	Oil Products, Coke & Nuclear Energy	1	0.01	713	904	191
17	Exploiting Ferrous Minerals	2	0.01	669	786	117
18	Multi Functional Industries	1	0.00	5	20	15
		77	100.00	8,148,872	9,611,610	1,462,738

1,324,721 million Rials (51%) of the comprising side activities and financial intermediary items is related to the finished cost of shared stock portfolio. The mentioned portfolio contains investment in 289 companies and 29 industrial groups with added value of 275,395 million Rials at the end of the period.

## B. Summary of Investment Performance in Non-TSE Companies

Investments in non rated shares are categorized in the table below:

Description	Notes	Cost Price	
		million RIs	million RIs
Balance of Investment at the beginning of the Fiscal Year			3,094,295
Purchasing Shares of Companies	B - 1	624,328	
Participation in Capital Increase of Companies	B - 2	107,166	
Changes due to the Company's Classification	B - 3	(6,430)	
Sales of Companies Shares	B - 4	(796,377)	
Provision for Value Decrease of Investments	B - 5	(1,061)	
			(72,374)
Balance of Investment at the End of the Fiscal Year	B - 6		3,021,921

B.1. The purchase of the shares of unlisted companies is as below:

No.	Company	Amount - million RIs
1	Non-ferrous Minerals	8,802
2	Chemical Products	488
3	Financial Intermediaries	1,301
4	Participation Bonds	238,454
5	Projects	375,283
		624,328

B.2. List of companies participating in the capital increase of the companies

The statement below illustrates the balance of participation in increasing the unlisted companies' capital:

No.	Company	Capital Increase
1	Foodstuff	1,906
2	Mass Property Construction	14,537
3	Non-ferrous Minerals	46,174
4	Chemical Products	170
5	Financial Intermediaries	7,839
6	Machinery & Equipments	36,540
		107,166



**B.3.** The figure mentioned in Section B-3 refers to the cost adjustment of Petroshimiran in the shared portfolio and transfer of 6,430 million Rials to on-account capital increase account.

**B.4.** The figure reflected in Section B-4 corresponds to sales of shares of non-TSE Companies. Sales of shares were mainly for revenue generation and liquidity adequacy to fulfill commitments and new investments, the detail of which is given by industry breakdown:

No.	Company	Sales
1	Textile	473
2	Financial Intermediaries	242,444
3	Foodstuff & Beverage	14,997
4	Chemical Products	488
5	Projects	512,974
6	Banks: Credit Institutes & Other Monetary Funds	25,000
		796,377

**B.5.** Section B-5 is investment devaluation provision refers to companies in the process of liquidation, namely Kerman Agricultural Land Development Co. and Bisotoun Gunny Weaving Co.

**B.6.** The summary of the portfolio of the shares of unlisted companies at the end of the fiscal year (not rated shares portfolio based on the industry shown in the table below:

No.	Industry	No. Of Companies	Percent	Amount (million RIs)
1	Non-ferrous Minerals	6	60.04	1,814,483
2	Financial Intermediaries	10	12.43	375,509
3	Projects	2	11.45	346,130
4	Chemical Products	5	4.06	122,597
5	Machinery & Equipments	2	3.24	97,900
6	Foodstuff & Beverage	6	3.16	95,432
7	Mass Property Construction	3	2.64	79,655
8	Computers & Related Activities	3	1.51	45,656
9	Participation Bonds	1	0.83	25,110
10	Textile	5	0.36	10,742
11	Wood, Carton, Paper & Packaging	3	0.27	8,307
12	Electronic Appliances	1	0.01	400
		47	100.00	3,021,921

242,934 million Rials (51%) of the side activities and financial intermediary items is related to the finished cost of purchased joint stock portfolio.

A person in a dark suit is holding a dark blue briefcase. The briefcase is open, and a white document with text is visible inside. The person's hands are visible, one holding the top handle and the other supporting the bottom. The background is blurred, showing what appears to be a staircase or a similar architectural feature.

**An Introduction** to the  
Holding Section  
Supervisory  
&  
Professional Activities