

FONKOZE SA AND SUBSIDIARY  
PORT AU PRINCE, HAITI

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AUDITED FINANCIAL STATEMENT AND  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED  
DECEMBER 31, 2005 AND 2004



CRAFT, NOBLE & COMPANY  
PLLC

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Fonkoze SA and Subsidiary  
Port Au Prince, Haiti

We have audited the accompanying consolidated balance sheet of Fonkoze SA (a Haitian Corporation) and Subsidiary as of December 31, 2005, and the related consolidated statements of income, comprehensive income, retained earnings, and cash flows for the year then ended. We have also audited the consolidated balance sheets of Fonkoze SA and Subsidiary as of December 31, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the 2005 consolidated financial statements referred to above presents fairly, in all material respects, the consolidated financial position of Fonkoze SA and Subsidiary as of December 31, 2005, and the results of their operations and their cash flows for the year then ended in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the 2004 consolidated balance sheet presents fairly, in all material respects, the financial position of Fonkoze SA and Subsidiary as of December 31, 2004 in conformity with U.S. generally accepted accounting principles.

*Craft, Noble & Company, PLLC*

Craft, Noble & Company, PLLC  
October 21, 2006



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FONKOZE SA AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2005 AND 2004

	<u>2005</u>		<u>2004</u>	
ASSETS				
CASH AND CASH EQUIVALENTS	HTG	93,785,727	HTG	69,399,343
INVESTMENTS		39,790,215		34,606,522
ACCOUNTS RECEIVABLE		24,652,574		22,604,236
LOANS		140,238,161		133,696,412
Less allowance for loan losses		(4,207,143)		(3,926,082)
Net loans		136,031,018		129,770,330
FIXED ASSETS		68,800,550		50,317,178
Accumulated depreciation		(27,723,216)		(16,792,975)
Fixed assets, net		41,077,334		33,524,203
OTHER ASSETS		18,241,155		13,533,429
TOTAL ASSETS	HTG	353,578,023	HTG	303,438,063
LIABILITIES AND SHAREHOLDERS' EQUITY				
BANK OVERDRAFTS	HTG	7,370,042	HTG	9,622,557
DEPOSITS		249,737,733		190,668,921
NOTES PAYABLE				
Long-term subordinated notes		62,863,175		42,019,465
OTHER LIABILITIES		44,393,446		43,788,352
TOTAL LIABILITIES		364,364,396		286,099,295
SHAREHOLDERS' EQUITY				
Capital stock, par value USD 952,716 shares issued and outstanding		44,700,670		36,222,916
Additional paid in capital		3,935		3,935
Retained earnings (deficit)		(53,704,444)		(18,521,642)
Accumulated other comprehensive loss		(1,786,534)		(366,441)
TOTAL SHAREHOLDERS' EQUITY		(10,786,373)		17,338,768
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	HTG	353,578,023	HTG	303,438,063

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

FONKOZE SA AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF INCOME AND ACCUMULATED DEFICIT  
FOR THE YEAR ENDED DECEMBER 31, 2005

INTEREST INCOME		
Loans	HTG	62,954,102
Other		<u>4,036,292</u>
TOTAL INTEREST INCOME		66,990,394
INTEREST EXPENSE		
Deposits and debt		<u>4,940,166</u>
NET INTEREST INCOME		62,050,228
Provisions for loan losses		<u>3,791,156</u>
NET INTEREST INCOME AFTER PROVISIONS FOR LOAN LOSSES		58,259,072
OTHER OPERATING INCOME (EXPENSE)		
Foreign exchange gain (loss)		(1,569,711)
Membership dues		1,575,960
Income from currency exchange		15,970,408
Income from remittance services		1,760,252
Gain (loss) due to revaluation		(15,702,020)
Gain (loss) on investments		(1,541,933)
Other		<u>4,525,396</u>
NET INTEREST INCOME AND OTHER INCOME		63,277,424
OPERATING EXPENSES		
Salaries		46,314,021
Premises and equipment expenses		10,857,223
Depreciation and amortization		11,535,201
Other expenses		<u>24,447,694</u>
TOTAL OPERATING EXPENSE		<u>93,154,139</u>
NET LOSS FROM OPERATIONS BEFORE INCOME TAX		(29,876,715)
PROVISION FOR INCOME TAX		<u>1,022,236</u>
NET LOSS FROM OPERATIONS		(28,854,479)
OTHER INCOME (EXPENSE)		
Gain (loss) on revaluation of assets		<u>(6,281,476)</u>
NET LOSS		(35,135,955)
RETAINED EARNINGS (DEFICIT) AT BEGINNING OF YEAR		(18,521,642)
DECREASE IN RETAINED EARNINGS UPON CONVERSION		<u>(46,847)</u>
RETAINED EARNINGS (DEFICIT) AT END OF YEAR	HTG	<u><u>(53,704,444)</u></u>

FONKOZE SA AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2005

Net Loss	HTG	(35,135,955)
Other comprehensive income		
Unrealized gains (losses) on securities:		
Unrealized holding losses arising during the period		<u>(1,420,093)</u>
Comprehensive loss	HTG	<u><u>(36,556,048)</u></u>

FONKOZE SA AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES	
Net Loss	HTG (35,135,955)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	11,535,201
(Increase) decrease in:	
Accounts receivable	(2,048,338)
Loans	(6,260,688)
Other assets	(4,841,995)
Increase (decrease) in:	
Bank overdrafts	(2,252,515)
Deposits	59,068,812
Other liabilities	<u>605,094</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	20,669,616
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(18,483,372)
Sale of investments	9,374,485
Purchase of investments	(10,669,917)
Fluctuation in exchange rate	<u>9,162,138</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(10,616,666)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from borrowing	<u>14,333,434</u>
NET CASH FROM FINANCING ACTIVITIES	<u>14,333,434</u>
NET INCREASE (DECREASE) IN CASH	24,386,384
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>69,399,343</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	HTG <u><u>93,785,727</u></u>
SUPPLEMENTAL DISCLOSURES:	
Cash paid during the year for interest	HTG <u><u>4,884,266</u></u>

FONKOZE SA AND SUBSIDIARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Business Purpose

Fonkoze SA is a holding company incorporated on February 25, 2002, under the laws of the Republic of Haiti as published in Le Moniteur number 49 dated June 24, 2002. It was established to facilitate the creation of Sèvis Finansye Fonkoze SA and owns 99.9972% of that entity.

Sèvis Finansye Fonkoze SA is a financial services company incorporated May 14, 2004, under the laws of the Republic of Haiti as published in Le Moniteur number 56 dated August 26, 2004. It was established to provide capital and a full range of financial and technical services to peasant organizations, womens' collectives, cooperatives, credit unions and street vendors.

Principles of Consolidation

The consolidated balance sheet at December 31, 2005 and 2004, and the related consolidated statements of income, retained earnings and cash flows for the years then ended, include the accounts of Fonkoze SA and its subsidiary Sèvis Finansye Fonkoze SA. All significant intercompany transactions and balances have been eliminated in the consolidation.

Accounting Principles

The accompanying balance sheets and statements of income, retained earnings and cash flows were prepared using accounting principles generally accepted in the United States and the accrual method of accounting. In accordance with this method of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred. All revenue and expenses, which are applicable to future periods, have been presented as deferred or prepaid on the accompanying balance sheets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investments

Investments are composed of money market funds, corporate debt, certificates of deposit and an investment in SNI Minoterie, SA, an agricultural processing company. Money market funds, corporate debt and certificates of deposit are recorded at market value. Management has classified marketable securities as available for sale for reporting purposes under FASB 115. The investment in SNI Minoterie, SA is valued at book value.

Loans

Loans are stated at book value, net of the allowance for loan losses. Non-performing loans are those for which payments are past due more than 30 days.

The allowance for loan losses presented in the statements of financial position represents an estimate determined by management based on collection history, collateral value and the economic situation of the borrower. Uncollectible loans are written off against the allowance for loan loss after all recovery efforts have been exhausted.

FONKOZE SA AND SUBSIDIARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Specific rates of provisions applied to loans to women market vendors groups are based on the recommendations of ACCION (a network of micro-finance institutions) in its CAMEL rating are as follows:

Current loans	0%
1 – 30 days past due	10%
31 – 90 days past due	30%
91 – 180 days past due	60%
More than 180 days past due	100%

The allowance for loan losses is adjusted to the amount determined by the use of these ratings, or three percent of total loans, whichever is greater.

Fixed Assets

It is the Company's policy to capitalize property and equipment with a cost of more than USD 500. Lesser amounts are expensed. Property and equipment are capitalized at cost. Property and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

Vehicles	4 years
Equipment	5 years
Computers	5 years
Leasehold improvements	5 years
Buildings	20 years

Conversion in Foreign Currencies

The functional currency of the Companies is the Haitian gourde (HTG). Consequently, assets and liabilities stated in foreign currencies are converted in Haitian gourdes at the exchange rate prevailing at year-end.

Transactions incurred in U.S. dollars are converted at the average exchange rate in effect at the transaction date. The average exchange rate for the year ended December 31, 2005 was 40.4486 and the rate for the year ended December 31, 2004 was 38.5224 Haitian gourdes to one U.S. dollar.

The official rate of exchange published by the Central Bank as of December 31, 2005 and 2004 were 43.003 and 37.2318 Haitian gourdes to one U.S. dollar, respectively.

Income Taxes

Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Comprehensive Income

During 1998, the Financial Accounting Standards Board issued SFAS No. 130, Reporting Comprehensive Income (Loss), which requires the reporting of comprehensive income in addition to net income from operations. Comprehensive income is a more inclusive financial reporting methodology that includes disclosure of certain financial information that historically has not been recognized in the calculation of net income. Accumulated other comprehensive loss shown on the balance sheets at December 31, 2005 and 2004 represents unrealized losses on available-for-sale securities.

FONKOZE SA AND SUBSIDIARY  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2005 AND 2004

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following:

	<u>December 31, 2005</u>	<u>December 31, 2004</u>
Currency held in branch offices	HTG 17,616,789	HTG 25,159,663
Deposits held in U.S. banks	45,597,721	32,532,586
Deposits held in Haitian banks	26,570,926	8,747,761
Deposits held in Curacaon bank	<u>4,000,291</u>	<u>2,959,333</u>
 Total	 <u>HTG 93,785,727</u>	 <u>HTG 69,399,343</u>
 Currency in U.S. dollars	 HTG 3,429,314	 HTG 3,102,582
Currency in Haitian gourdes	14,187,475	22,057,081
Deposits in U.S. dollars	67,615,257	44,215,250
Deposits in Haitian gourdes	<u>8,553,681</u>	<u>24,430</u>
 Total	 <u>HTG 93,785,727</u>	 <u>HTG 69,399,343</u>

There is no deposit insurance for accounts held in Haitian banks. Deposits held in U.S. banks exceed the Federal Deposit Insurance Corporations limits by HTG 470,354 and HTG 493,799 for the years ended December 31, 2005 and 2004, respectively.

NOTE C – INVESTMENTS

Investments consisted of the following:

	<u>December 31, 2005</u>	<u>December 31, 2004</u>
Brokerage account – Morgan Stanley	HTG 32,943,640	HTG 29,059,717
SNI Minoterie	1,740,377	1,329,845
Certificate of Deposit – Self Help Credit Union	<u>5,106,198</u>	<u>4,216,960</u>
 Total	 <u>HTG 39,790,215</u>	 <u>HTG 34,606,522</u>

The investments held by Morgan Stanley consist of corporate bonds, certificates of deposit and money market funds. Corporate bonds valued at HTG 15,480,108 and HTG 4,337,103 at December 31, 2005 and 2004, respectively, have less than A rating by Moodys and S & P. The value of corporate bonds in the amount of HTG 25,850,113 reflects unrealized losses in the amount of HTG 1,420,093 and HTG 366,441 for the years ended December 31, 2005 and 2004, respectively. This unrealized loss has been shown in the shareholders' equity section of the balance sheet in accordance with FASB 115.

The investment in SNI Minoterie represents a .62% interest in the company, which operates an agricultural processing business. The company was incorporated in the Cayman Islands and has been valued at its book value.

Board Policy requires the Company to maintain at all times a lien free portfolio of investment grade securities or cash deposits equal to 31% of deposits held. At December 31, 2005 and 2004, the company was in compliance with this policy.

FONKOZE SA AND SUBSIDIARY  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2005 AND 2004

NOTE D – RELATED PARTY RECEIVABLE

Fonkoze SA advanced Fondasyon Kole Zepòl (Fonkoze) USD 443,683 to facilitate their investment in Fonkoze SA on July 31, 2004.

Fondasyon Kole Zepòl (Fonkoze) repaid USD 50,000 during 2005. The balance owed by Fondasyon Kole Zepòl (Fonkoze) was HTG 16,928,489 and HTG 16,519,117 at December 31, 2005 and 2004, respectively.

NOTE E – LOANS

Loans consist of the following:

	<u>December 31, 2005</u>		<u>December 31, 2004</u>	
Market vendor solidarity groups	HTG	140,238,161	HTG	133,696,412
Less allowance for loan losses		4,207,143		3,926,082
Net Loans	<u>HTG</u>	<u>136,031,018</u>	<u>HTG</u>	<u>129,770,330</u>

The term of the loans is six months. The interest rate is 62.912% per annum.

The allowance for loan losses was calculated using a factor of three percent which exceeds the allowance calculation using the CAMEL ratings. (Note A)

NOTE F – FIXED ASSETS

A summary of property and equipment and the related depreciation expenses is as follows:

	<u>December 31, 2005</u>		<u>December 31, 2004</u>	
Land	HTG	570,500	HTG	570,500
Buildings		4,422,000		4,422,000
Vehicles		18,364,447		12,658,951
Furniture and equipment		8,008,163		4,739,839
Computer equipment		34,827,275		26,345,419
Leasehold improvements		<u>2,608,165</u>		<u>1,580,469</u>
Total		68,800,550		50,317,178
Accumulated depreciation		<u>27,723,216</u>		<u>16,792,975</u>
Net Property and Equipment	<u>HTG</u>	<u>41,077,334</u>	<u>HTG</u>	<u>33,524,203</u>

NOTE G – DEPOSITS

Deposits consist of the following:

	<u>December 31, 2005</u>		<u>December 31, 2004</u>	
Savings deposits in Haitian gourdes	HTG	146,408,190	HTG	119,797,457
Savings deposits in U.S. dollars		99,622,698		68,065,005
Time deposits in Haitian gourdes		2,997,340		2,806,459
Time deposits in U.S. dollars		<u>709,505</u>		-
Total	<u>HTG</u>	<u>249,737,733</u>	<u>HTG</u>	<u>190,668,921</u>

Savings deposits bear interest at rates between zero and two percent. Time deposits bear interest rates between five and thirteen percent.

FONKOZE SA AND SUBSIDIARY  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2005 AND 2004

NOTE H – DEFERRED TAXES

Deferred taxes (asset) represent the future tax benefits of tax losses incurred during 2005 and 2004, which can be carried forward for five years. Deferred taxes were calculated using the tax rates in effect on December 31, 2005 and 2004. The balance of deferred taxes at December 31, 2005 and 2004 were HTG 10,939,452 and HTG 10,065,121, respectively. A valuation adjustment was applied to deferred taxes at December 31, 2005 in the amount of HTG 28,953,204 to reflect the possibility that the Company may not be able to use all the carryforward before it expires.

NOTE I – RELATED PARTY PAYABLE

Sèvis Finansye Fonkoze SA provides Fondasyon Kole Zepòl (Fonkoze) services to facilitate the processing of deposit and loan transactions. They also process payroll and accounts payable transactions. As a result of providing these services, the Company owed Fonkoze HTG 39,817,553 and HTG 37,779,994 at December 31, 2005 and 2004, respectively.

NOTE J – NOTES PAYABLE

Notes payable consists of eighteen notes due to individuals and organizations who are also shareholders of Fonkoze SA. The notes bare no interest until September 1, 2007, when interest will begin accruing at the rate of 5% per annum. Interest will be paid semi-annually in U.S. Dollars. Principal payments in U.S. Dollars will begin on August 31, 2012. Maturities are as follows:

<u>Year</u>	<u>USD</u>	<u>HTG at December 31, 2004</u>
2012	\$ 225,718	HTG 8,403,887
2013	225,718	8,403,887
2014	225,718	8,403,887
2015	225,718	8,403,887
2016	225,719	8,403,917
Total	<u>\$ 1,128,591</u>	<u>HTG 42,019,465</u>

The notes are subordinate and junior to all other creditors.

FONKOZE SA AND SUBSIDIARY  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2005 AND 2004

NOTE K – COMMITMENTS

The Organization leases office space on a long-term basis. Some leases are payable in U.S. dollars while others are payable in Haitian Gourdes. Future obligations under these leases are:

At December 31, 2004:

<u>Year</u>	Payable in <u>USD</u>	Payable in <u>HTG</u>
2005	\$ 20,000	HTG 332,500
2006	31,000	866,042
2007	11,000	785,000
2008	11,000	735,000
2009 and after	16,000	858,750
Total	<u>\$ 89,000</u>	<u>HTG 3,577,292</u>

At December 31, 2005:

<u>Year</u>	Payable in <u>USD</u>	Payable in <u>HTG</u>
2006	\$ 31,000	HTG 866,042
2007	11,000	785,000
2008	11,000	735,000
2009	11,000	648,333
2010	5,000	210,417
Total	<u>\$ 69,000</u>	<u>HTG 3,244,792</u>

INDEPENDENT AUDITORS' REPORT  
ON ADDITIONAL INFORMATION

To the Board of Directors  
Sèvis Finansye Fonkoze  
Port Au Prince, Haiti

Our report on our audit of the basic consolidated balance sheet of Fonkoze SA and its subsidiary Sèvis Finansye Fonkoze at December 31, 2005 and 2004 appears on page 1. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic balance sheet. The consolidating balance sheet expressed in Haitian Gourdes and the consolidating balance sheet expressed in U.S. dollars are presented for the purpose of additional analysis and are not a required part of the basic balance sheet. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Craft, Noble & Company, PLLC*

Craft, Noble & Company, PLLC  
September 13, 2006



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FONKOZE SA AND SUBSIDIARY  
CONSOLIDATING BALANCE SHEET  
DECEMBER 31, 2005

		ASSETS						
		<u>CONSOLIDATED</u>	<u>RECLASSIFICATIONS &amp; ELIMINATIONS</u>	<u>SEVIS FINANSYÉ FONKOZE SA</u>	<u>FONKOZE SA</u>			
CASH AND CASH EQUIVALENTS	HTG	93,785,727	HTG	-	HTG	68,957,797	HTG	24,827,930
INVESTMENTS		39,790,215		(46,824,188)		39,790,215		46,824,188
ACCOUNTS RECEIVABLE		24,652,574		(22,752,081)		8,215,738		39,188,917
LOANS		140,238,161		-		140,238,161		-
Less allowance for loan losses		<u>4,207,143</u>		-		<u>(4,207,143)</u>		-
Net loans		136,031,018		-		136,031,018		-
FIXED ASSETS		68,800,550		-		68,800,550		-
Accumulated depreciation		<u>27,723,216</u>		-		<u>(27,723,216)</u>		-
Fixed assets, net		41,077,334		-		41,077,334		-
OTHER ASSETS		<u>18,241,155</u>		-		<u>15,766,454</u>		<u>2,474,701</u>
TOTAL ASSETS	HTG	<u>353,578,023</u>	HTG	<u>(69,576,269)</u>	HTG	<u>309,838,556</u>	HTG	<u>113,315,736</u>
LIABILITIES AND SHAREHOLDERS' EQUITY								
BANK OVERDRAFTS	HTG	7,370,042	HTG	-	HTG	7,370,042	HTG	-
DEPOSITS		249,737,733		-		249,737,733		-
NOTES PAYABLE								
Long-term subordinated notes		62,863,175		-		-		62,863,175
OTHER LIABILITIES		<u>44,393,446</u>		<u>(22,752,081)</u>		<u>61,156,272</u>		<u>5,989,255</u>
TOTAL LIABILITIES		364,364,396		(22,752,081)		318,264,047		68,852,430
SHAREHOLDERS' EQUITY								
Capital stock		44,700,670		(26,204,441)		26,211,675		44,693,436
Additional paid in capital		3,935		(14,254,257)		14,258,192		-
Valuation difference		-		(6,365,490)		-		6,365,490
Retained earnings (deficit)		(53,704,444)		-		(47,108,824)		(6,595,620)
Accumulated other comprehensive loss		<u>(1,786,534)</u>		-		<u>(1,786,534)</u>		-
TOTAL SHAREHOLDERS' EQUITY		<u>(10,786,373)</u>		<u>(46,824,188)</u>		<u>(8,425,491)</u>		<u>44,463,306</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	HTG	<u>353,578,023</u>	HTG	<u>(69,576,269)</u>	HTG	<u>309,838,556</u>	HTG	<u>113,315,736</u>

FONKOZE SA AND SUBSIDIARY  
CONSOLIDATING BALANCE SHEET  
DECEMBER 31, 2004

ASSETS								
		<u>CONSOLIDATED</u>		<u>RECLASSIFICATIONS &amp; ELIMINATIONS</u>		<u>SEVIS FINANSYE FONKOZE SA</u>		<u>FONKOZE SA</u>
CASH AND CASH EQUIVALENTS	HTG	69,399,343	HTG	-	HTG	47,332,174	HTG	22,067,169
INVESTMENTS		34,606,522		(31,234,761)		34,606,522		31,234,761
ACCOUNTS RECEIVABLE		22,604,236		(11,684,884)		8,423,459		25,865,661
LOANS		133,696,412		-		133,696,412		-
Less allowance for loan losses		(3,926,082)		-		(3,926,082)		-
Net loans		<u>129,770,330</u>		<u>-</u>		<u>129,770,330</u>		<u>-</u>
FIXED ASSETS		50,317,178		-		50,317,178		-
Accumulated depreciation		(16,792,975)		-		(16,792,975)		-
Fixed assets, net		<u>33,524,203</u>		<u>-</u>		<u>33,524,203</u>		<u>-</u>
OTHER ASSETS		<u>13,533,429</u>		<u>-</u>		<u>11,060,821</u>		<u>2,472,608</u>
<b>TOTAL ASSETS</b>	<b>HTG</b>	<b><u>303,438,063</u></b>	<b>HTG</b>	<b><u>(42,919,645)</u></b>	<b>HTG</b>	<b><u>264,717,509</u></b>	<b>HTG</b>	<b><u>81,640,199</u></b>
LIABILITIES AND SHAREHOLDERS' EQUITY								
BANK OVERDRAFTS	HTG	9,622,557	HTG	-	HTG	9,622,557	HTG	-
DEPOSITS		190,668,921		-		190,668,921		-
NOTES PAYABLE								
Long-term subordinated notes		42,019,465		-		-		42,019,465
OTHER LIABILITIES		<u>43,788,352</u>		<u>(2,376,932)</u>		<u>42,592,132</u>		<u>3,573,152</u>
<b>TOTAL LIABILITIES</b>		<b>286,099,295</b>		<b>(2,376,932)</b>		<b>242,883,610</b>		<b>45,592,617</b>
SHAREHOLDERS' EQUITY								
Capital stock		36,222,916		(26,204,441)		26,211,675		36,215,682
Additional paid in capital		3,935		(14,254,257)		14,258,192		-
Valuation difference		-		(84,015)		-		84,015
Retained earnings (deficit)		(18,521,642)		-		(18,269,527)		(252,115)
Accumulated other comprehensive loss		<u>(366,441)</u>		<u>-</u>		<u>(366,441)</u>		<u>-</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b><u>17,338,768</u></b>		<b><u>(40,542,713)</u></b>		<b><u>21,833,899</u></b>		<b><u>36,047,582</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>HTG</b>	<b><u>303,438,063</u></b>	<b>HTG</b>	<b><u>(42,919,645)</u></b>	<b>HTG</b>	<b><u>264,717,509</u></b>	<b>HTG</b>	<b><u>81,640,199</u></b>

FONKOZE SA AND SUBSIDIARY  
CONSOLIDATING BALANCE SHEET  
DECEMBER 31, 2005

ASSETS								
		<u>CONSOLIDATED</u>		<u>RECLASSIFICATIONS &amp; ELIMINATIONS</u>		<u>SEVIS FINANSYÉ FONKOZE SA</u>		<u>FONKOZE SA</u>
CASH AND CASH EQUIVALENTS	USD	2,181,048	USD	-	USD	1,603,659	USD	577,389
INVESTMENTS		925,347		(1,088,927)		925,347		1,088,927
ACCOUNTS RECEIVABLE		573,312		(529,114)		191,062		911,364
LOANS		3,261,330		-		3,261,330		-
Less allowance for loan losses		97,840		-		97,840		-
Net loans		<u>3,163,490</u>		-		<u>3,163,490</u>		-
FIXED ASSETS		1,600,002		-		1,600,002		-
Accumulated depreciation		644,722		-		644,722		-
Fixed assets, net		<u>955,280</u>		-		<u>955,280</u>		-
OTHER ASSETS		<u>424,210</u>		-		<u>366,659</u>		<u>57,551</u>
TOTAL ASSETS	USD	<u>8,222,687</u>	USD	<u>(1,618,041)</u>	USD	<u>7,205,497</u>	USD	<u>2,635,231</u>
LIABILITIES AND SHAREHOLDERS' EQUITY								
BANK OVERDRAFTS	USD	171,395	USD	-	USD	171,395	USD	-
DEPOSITS		5,807,813		-		5,807,813		-
NOTES PAYABLE								
Long-term subordinated notes		1,461,924		-		-		1,461,924
OTHER LIABILITIES		<u>1,032,399</u>		<u>(529,114)</u>		<u>1,422,229</u>		<u>139,284</u>
TOTAL LIABILITIES		8,473,531		(529,114)		7,401,437		1,601,208
SHAREHOLDERS' EQUITY								
Capital stock		1,039,543		(609,401)		609,569		1,039,375
Additional paid in capital		92		(331,492)		331,584		-
Valuation difference		-		(148,034)		-		148,034
Retained earnings (deficit)		(1,248,932)		-		(1,095,546)		(153,386)
Accumulated other comprehensive loss		<u>(41,547)</u>		-		<u>(41,547)</u>		-
TOTAL SHAREHOLDERS' EQUITY		<u>(250,844)</u>		<u>(1,088,927)</u>		<u>(195,940)</u>		<u>1,034,023</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	USD	<u>8,222,687</u>	USD	<u>(1,618,041)</u>	USD	<u>7,205,497</u>	USD	<u>2,635,231</u>

FONKOZE SA AND SUBSIDIARY  
CONSOLIDATING BALANCE SHEET  
DECEMBER 31, 2004

ASSETS								
		<u>CONSOLIDATED</u>		<u>RECLASSIFICATIONS &amp; ELIMINATIONS</u>		<u>SEVIS FINANSYE FONKOZE SA</u>		<u>FONKOZE SA</u>
CASH AND CASH EQUIVALENTS	USD	1,863,981	USD	-	USD	1,271,284	USD	592,697
INVESTMENTS		929,488		(838,927)		929,488		838,927
ACCOUNTS RECEIVABLE		607,122		(313,842)		226,244		694,720
LOANS		3,590,920		-		3,590,920		-
Less allowance for loan losses		(105,450)		-		(105,450)		-
Net loans		<u>3,485,470</u>		<u>-</u>		<u>3,485,470</u>		<u>-</u>
FIXED ASSETS		1,351,457		-		1,351,457		-
Accumulated depreciation		(451,038)		-		(451,038)		-
Fixed assets, net		<u>900,419</u>		<u>-</u>		<u>900,419</u>		<u>-</u>
OTHER ASSETS		<u>363,491</u>		<u>-</u>		<u>297,080</u>		<u>66,411</u>
<b>TOTAL ASSETS</b>	<b>USD</b>	<b><u>8,149,971</u></b>	<b>USD</b>	<b><u>(1,152,769)</u></b>	<b>USD</b>	<b><u>7,109,985</u></b>	<b>USD</b>	<b><u>2,192,755</u></b>
LIABILITIES AND SHAREHOLDERS' EQUITY								
BANK OVERDRAFTS	USD	258,450	USD	-	USD	258,450	USD	-
DEPOSITS		5,121,131		-		5,121,131		-
NOTES PAYABLE								
Long-term subordinated notes		1,128,591		-		-		1,128,591
OTHER LIABILITIES		<u>1,176,102</u>		<u>(63,842)</u>		<u>1,143,973</u>		<u>95,971</u>
<b>TOTAL LIABILITIES</b>		<b>7,684,274</b>		<b>(63,842)</b>		<b>6,523,554</b>		<b>1,224,562</b>
SHAREHOLDERS' EQUITY								
Capital stock		972,902		(703,819)		704,013		972,708
Additional paid in capital		105		(382,852)		382,957		-
Valuation difference		-		(2,256)		-		2,256
Retained earnings (deficit)		(497,468)		-		(490,697)		(6,771)
Accumulated other comprehensive loss		<u>(9,842)</u>		<u>-</u>		<u>(9,842)</u>		<u>-</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b><u>465,697</u></b>		<b><u>(1,088,927)</u></b>		<b><u>586,431</u></b>		<b><u>968,193</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>USD</b>	<b><u>8,149,971</u></b>	<b>USD</b>	<b><u>(1,152,769)</u></b>	<b>USD</b>	<b><u>7,109,985</u></b>	<b>USD</b>	<b><u>2,192,755</u></b>

FONKOZE SA AND SUBSIDIARY  
CONSOLIDATING STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>CONSOLIDATED</u>	<u>RECLASSIFICATIONS &amp; ELIMINATIONS</u>	<u>SEVIS FINANSYIE FONKOZE SA</u>	<u>FONKOZE SA</u>
INTEREST INCOME				
Loans	37,734,822	(828,041)	36,845,692	1,717,171
Other	4,036,292	-	3,194,136	842,156
TOTAL INTEREST INCOME	41,771,114	(828,041)	40,039,828	2,559,327
INTEREST EXPENSE				
Deposits and debt	4,940,166	(828,041)	3,567,996	2,200,211
NET INTEREST INCOME	36,830,948	-	36,471,832	359,116
Provisions for loan losses	3,791,156	-	3,791,156	-
NET INTEREST INCOME AFTER PROVISIONS FOR LOAN LOSSES	33,039,792	-	32,680,676	359,116
OTHER OPERATING INCOME (EXPENSE)				
Foreign exchange gain (loss)	(1,569,711)	-	(1,569,711)	-
Membership dues	1,575,960	-	1,575,960	-
Gain (loss) on investments	(1,541,933)	-	(1,541,933)	-
Other	31,773,316	-	31,773,316	-
NET INTEREST INCOME AND OTHER INCOME	63,277,424	-	62,918,308	359,116
OPERATING EXPENSES				
Salaries	46,314,021	-	46,314,021	-
Premises and equipment expenses	10,857,223	-	10,857,223	-
Depreciation and amortization	11,535,201	-	11,161,368	373,833
Other expenses	24,447,694	-	24,433,593	14,101
TOTAL OPERATING EXPENSE	93,154,139	-	92,766,205	387,934
NET LOSS FROM OPERATIONS BEFORE INCOME TAX	(29,876,715)	-	(29,847,897)	(28,818)
PROVISION FOR INCOME TAX	1,022,236	-	1,008,600	13,636
NET LOSS FROM OPERATIONS	(28,854,479)	-	(28,839,297)	(15,182)
OTHER INCOME (EXPENSE)				
Gain (loss) on revaluation of assets	(6,281,476)	-	-	(6,281,476)
NET LOSS	(35,135,955)	-	(28,839,297)	(6,296,658)
RETAINED EARNING (DEFICIT) AT BEGINNING OF YEAR	(18,521,642)	-	(18,269,527)	(252,115)
DECREASE IN RETAINED EARNINGS UPON CONVERSION	(46,847)	-	-	(46,847)
RETAINED EARNINGS (DEFICIT) AT END OF YEAR	(53,704,444)	-	(47,108,824)	(6,595,620)