

FONKOZE SA AND SUBSIDIARY
PORT AU PRINCE, HAITI
* * * * *
AUDITED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007



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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 sheets of Fonkoze SA (a Haitian Corporation) and Subsidiary as of December 31, 2008 and 2007, and the related consolidated statements of income and accumulated deficit, comprehensive income, and cash flows for the years then ended. 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fonkoze SA and Subsidiary as of December 31, 2008 and 2007, and the results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Craft, Noble & Company, PLLC

Craft, Noble & Company, PLLC
August 13, 2009



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FONKOZE SA AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2008 AND 2007

	<u>2008</u>		<u>2007</u>	
ASSETS				
CASH AND CASH EQUIVALENTS	HTG	71,985,036	HTG	67,762,540
INVESTMENTS		7,299,867		6,238,615
ACCOUNTS RECEIVABLE		40,609,623		29,944,616
LOANS		326,623,761		265,458,968
Less allowance for loan losses		(26,935,726)		(15,610,718)
Net loans		299,688,035		249,848,250
FIXED ASSETS		92,848,280		84,179,003
Accumulated depreciation		(67,626,278)		(54,401,712)
Fixed assets, net		25,222,002		29,777,291
OTHER ASSETS		62,406,133		40,668,801
TOTAL ASSETS	HTG	507,210,696	HTG	424,240,113
LIABILITIES AND SHAREHOLDERS' EQUITY				
BANK OVERDRAFTS	HTG	1	HTG	71,245,726
DEPOSITS		393,014,284		307,492,835
NOTES PAYABLE				
Long-term subordinated notes		21,421,869		20,231,420
Other notes payable		134,783,012		64,713,760
OTHER LIABILITIES		6,677,152		10,958,338
TOTAL LIABILITIES		555,896,318		474,642,079
SHAREHOLDERS' EQUITY				
Capital stock, par value, HTG 50		50,404,300		41,656,174
Shares authorized 2,548,067 voting, 1,000,000 non-voting				
Shares outstanding 2,004,631 voting, 161,200 non-voting				
Additional paid in capital		51,572,710		35,588,241
Retained earnings (deficit)		(151,229,474)		(127,803,265)
Accumulated other comprehensive gain (loss)		566,842		156,884
TOTAL SHAREHOLDERS' EQUITY		(48,685,622)		(50,401,966)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	HTG	507,210,696	HTG	424,240,113

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

FONKOZE SA AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME AND ACCUMULATED DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
INTEREST INCOME		
Loans	HTG 120,247,542	HTG 91,061,670
Other	<u>1,421,271</u>	<u>2,443,881</u>
TOTAL INTEREST INCOME	121,668,813	93,505,551
INTEREST EXPENSE		
Deposits	6,463,819	5,383,822
Debt	<u>20,253,900</u>	<u>9,281,523</u>
TOTAL INTEREST EXPENSE	26,717,719	14,665,345
NET INTEREST INCOME	94,951,094	78,840,206
Provisions for loan losses	<u>10,419,899</u>	<u>44,230,902</u>
NET INTEREST INCOME AFTER PROVISIONS FOR LOAN LOSSES	84,531,195	34,609,304
OTHER OPERATING INCOME (EXPENSE)		
Membership dues	2,963,750	2,904,842
Income from currency exchange	17,579,583	22,312,092
Income from remittance services	3,646,527	1,716,524
Gain (loss) due to revaluation	141,722	(9,629,238)
Gain (loss) on investments	-	(1,877,180)
Other	<u>1,006,893</u>	<u>2,298,230</u>
NET INTEREST INCOME AND OTHER INCOME	109,869,670	52,334,574
OPERATING EXPENSES		
Salaries	100,836,780	72,442,395
Premises and equipment expenses	22,530,857	20,562,558
Depreciation and amortization	13,556,296	14,868,799
Other expenses	<u>41,376,926</u>	<u>29,609,754</u>
TOTAL OPERATING EXPENSE	<u>178,300,859</u>	<u>137,483,506</u>
NET LOSS FROM OPERATIONS BEFORE INCOME TAX	(68,431,189)	(85,148,932)
PROVISION FOR INCOME TAX	<u>4,198,143</u>	<u>36,661,503</u>
NET LOSS FROM OPERATIONS	(64,233,046)	(48,487,429)
OTHER INCOME (EXPENSE)		
Gain (loss) on revaluation of assets	(509,764)	5,261,267
Hurricane recovery grant	40,502,014	-
Interest revenue - hurricane recovery grant	<u>814,587</u>	<u>-</u>
NET LOSS	(23,426,209)	(43,226,162)
RETAINED EARNINGS (DEFICIT) AT BEGINNING OF YEAR NET OF VALUATION	<u>(127,803,265)</u>	<u>(84,577,103)</u>
RETAINED EARNINGS (DEFICIT) AT END OF YEAR	HTG <u><u>(151,229,474)</u></u>	HTG <u><u>(127,803,265)</u></u>

FONKOZE SA AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

		<u>2008</u>		<u>2007</u>
Net Loss	HTG	(23,426,209)	HTG	(43,226,162)
Other comprehensive income before tax:				
Unrealized gains (losses) on securities: available for sale				
Unrealized holding losses arising during the period		409,958		(291,808)
Reclassification adjustment for gains included in income		<u>-</u>		<u>-</u>
Other comprehensive income (loss)		<u>409,958</u>		<u>(291,808)</u>
Comprehensive loss	HTG	<u><u>(23,016,251)</u></u>	HTG	<u><u>(43,517,970)</u></u>

FONKOZE SA AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	HTG (23,426,209)	HTG (43,226,162)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Realized losses on investments	-	1,877,180
Depreciation and amortization	13,556,296	14,868,799
Prior year adjustment and conversion change	-	475,593
Increase (decrease) in other comprehensive gain	409,958	(204,266)
Increase in allowance for loan losses	11,325,008	6,765,901
(Increase) decrease in:		
Accounts receivable	(10,665,007)	(1,663,481)
Other assets	(21,737,332)	(19,273,077)
Increase (decrease) in:		
Bank overdrafts	(71,245,725)	37,216,776
Other liabilities	<u>(4,281,186)</u>	<u>6,739,847</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(106,064,197)	3,577,110
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of fixed assets	1,704,985	2,350,769
Purchase of fixed assets	(11,767,244)	(6,979,410)
Sale of investments	-	6,589,944
Increase in loans	<u>(61,164,793)</u>	<u>(84,115,909)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(71,227,052)	(82,154,606)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowing	97,837,732	64,713,760
Payments on debt	(26,578,031)	(29,101,658)
Return of capital investment	15,984,469	(8,735,646)
Additional capital investments	8,748,126	35,584,306
Increase in deposits	<u>85,521,449</u>	<u>43,943,579</u>
NET CASH FROM FINANCING ACTIVITIES	<u>181,513,745</u>	<u>106,404,341</u>
NET INCREASE (DECREASE) IN CASH	4,222,496	27,826,845
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>67,762,540</u>	<u>39,935,695</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	HTG <u><u>71,985,036</u></u>	HTG <u><u>67,762,540</u></u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid during the year for interest	HTG <u><u>27,645,650</u></u>	HTG <u><u>13,669,064</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

FONKOZE SA AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

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 99.9848% 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 financial statements include the accounts of Fonkoze SA and its 99.9848% owned subsidiary, Sèvis Finansye Fonkoze SA. All material intercompany transactions and balances have been eliminated in 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 certificates of deposit and an investment in SNI Minoterie, SA, an agricultural processing company. 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 market value at December 31, 2008 and 2007.

Loans

Loans are stated at book value, net of the allowance for loan losses. Impaired loans are those for which payments are past due more than 180 days. The Company discontinues accruing interest when a loan is 30 days past due.

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, 2008 AND 2007

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. During the year ended December 31, 2007 the Organization changed its policy to apply a factor of 85% to the recommendations of ACCION. This factor has been applied based on the mandatory cash collateral of 15% of the original amount of the loan. The rates applied by the Organization based on the CAMEL ratings are as follows:

Current loans	0%
1 – 30 days past due	8.5%
31 – 90 days past due	25.5%
91 – 180 days past due	51%
More than 180 days past due	85%

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.

During 2008, the Company restructured loans for victims of hurricanes that struck Haiti during the year (Kredi Siklon). These loans provided additional funds which were combined with the customer's existing balance. Repayment of the loans is interest free if the principle is paid in full.

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include savings accounts and all certificates of deposit with a maturity date of 90 days or less from the financial statement date.

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, 2008 was 39.1070 and the rate for the year ended December 31, 2007 was 36.8614 Haitian gourdes to one U.S. dollar.

The official rates of exchange published by the Central Bank as of December 31, 2008 and 2007 were 39.8176 and 36.7844 Haitian gourdes to one U.S. dollar, respectively.

FONKOZE SA AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

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

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.

The Company has elected to defer implementation of FIN 48, Accounting for Uncertainty in Income Taxes, under guidance issued in FASB Staff Position FIN 48-3. Additionally, the Organization is not aware of any uncertain tax positions that may affect the financial statements.

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, 2008 and 2007 represents unrealized losses on available-for-sale securities.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following:

	<u>December 31, 2008</u>		<u>December 31, 2007</u>	
Currency held in branch offices	HTG	14,734,639	HTG	12,340,463
Deposits held in U.S. banks		4,578,260		4,382,268
Deposits held in Haitian banks		<u>52,672,137</u>		<u>51,039,809</u>
Total	<u>HTG</u>	<u>71,985,036</u>	<u>HTG</u>	<u>67,762,540</u>
Currency in U.S. dollars	HTG	5,100,236	HTG	4,404,908
Currency in Haitian gourdes		9,634,403		7,935,555
Deposits in U.S. dollars		50,767,724		45,163,801
Deposits in Haitian gourdes		<u>6,482,673</u>		<u>10,258,276</u>
Total	<u>HTG</u>	<u>71,985,036</u>	<u>HTG</u>	<u>67,762,540</u>

There is no deposit insurance for accounts held in Haitian banks. Deposits held in U.S. banks were fully insured by the Federal Deposit Insurance Corporation (FDIC) for the year ended December 31, 2008. Deposits held in U.S. banks exceeded the FDIC limits by HTG 703,828 for the year ended December 31, 2007.

For the year ended December 31, 2008 term deposits of HTG 33,273,587 secure the note payable and line of credit at Unibank and term deposits of HTG 9,038,451 secure the line of credit at Capital Bank.

FONKOZE SA AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE C – INVESTMENTS

Investments consisted of the following:

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
SNI Minoterie	HTG 1,845,593	HTG 1,435,636
Certificate of Deposit – Self Help Credit Union	<u>5,454,274</u>	<u>4,802,979</u>
 Total	 <u>HTG 7,299,867</u>	 <u>HTG 6,238,615</u>

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 market value at December 31, 2008 and 2007.

The certificate of deposit held at Self Help Credit Union matures May 5, 2012 and carries an interest rate of 4.78%.

Board Policy requires the Company to maintain at all times a lien free portfolio of investment grade securities or cash deposits equal to 20% of deposits held. At December 31, 2008 and 2007, the company was in compliance with this policy.

Fair Value Measurements

Fair value of assets and liabilities measured on a recurring basis at December 31, 2008 and 2007 are as follows:

		<u>Fair Value Measurements at Reporting Date Using</u>		
		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2008</u>	<u>Fair value</u>			
Available-for-sale securities	<u>HTG 7,299,867</u>	<u>HTG 5,454,274</u>	<u>-</u>	<u>HTG 1,845,593</u>
<u>December 31, 2007</u>				
Available-for-sale securities	<u>HTG 6,238,615</u>	<u>HTG 4,802,979</u>	<u>-</u>	<u>HTG 1,435,636</u>

Available-for-sale securities measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

January 1, 2007	HTG	1,720,522
Total gains and losses – unrealized		
Included in earnings		
Included in other comprehensive income		(284,886)
December 31, 2007		1,435,636
Total gains and losses – unrealized		
Included in earnings		
Included in other comprehensive income		409,957
December 31, 2008	<u>HTG</u>	<u>1,845,593</u>

FONKOZE SA AND SUBSIDIARY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2008 AND 2007

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 2007. In October 2007, Fonkoze SA transferred the balance owed by Fondasyon Kole Zepòl (Fonkoze) of USD 293,683 to Sevis Finansye Fonkoze SA as an additional investment in that subsidiary. Fondasyon Kole Zepòl (Fonkoze) repaid Sevis Finansye Fonkoze SA in full during 2007.

NOTE E – LOANS

Loans consist of the following:

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Market vendor solidarity groups	HTG 174,984,581	HTG 197,238,930
Business development	98,532,341	68,220,038
Kredi Siklon	53,106,839	-
Less allowance for loan losses	<u>26,935,726</u>	<u>15,610,718</u>
Net Loans	<u>HTG 299,688,035</u>	<u>HTG 249,848,250</u>

The term of the loans is between three and twenty-four months. Interest rates vary between thirty-five and sixty percent. Kredi Siklon loans bear no interest if repaid in full in accordance with the loan agreement.

Loans in the amount of HTG 9,669,510 and HTG 8,021,326 were written off in 2008 and 2007, respectively. Recoveries of loans previously written off were HTG 2,608,593 and HTG 123,562 for 2008 and 2007, respectively. For the years ended December 31, 2008 and 2007 the allowance was more than three percent using the CAMEL ratings. The reserve was 3.68% and 5.50% of the Market Vendor Solidarity Group loans for December 31, 2008 and 2007, respectively. The reserve was 12.71% and 6.98% of Business Development loans at December 31, 2008 and 2007, respectively. The reserve was 15% of Kredi Siklon loans at December 31, 2008.

Impaired loans are those for which payments are more than 180 days past due. At December 31, 2008 and 2007, loans in the amounts of HTG 14,159,140 and HTG 6,160,139, respectively, were impaired. These loans have been valued at the fair market value of their collateral (15% compensating balance).

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. The evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

Accrued interest receivable on loans was HTG 9,939,309 and HTG 7,481,149 at December 31, 2008 and 2007, respectively.

FONKOZE SA AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE E – LOANS (CONTINUED)

Allowance for loan losses:

	<u>2008</u>	<u>2007</u>
Balance, beginning of year	HTG 15,610,718	HTG 8,844,817
Provision for losses	10,419,899	44,230,902
Provision for loan losses – Kredi Siklon	7,966,026	-
Recoveries on loans	2,608,593	123,562
Less loans charged off	(9,669,510)	(8,021,326)
Adjustment for eMerge imbalance	-	(29,567,237)
Balance, end of year	<u>HTG 26,935,726</u>	<u>HTG 15,610,718</u>

NOTE F – FIXED ASSETS

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

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Land	HTG 570,500	HTG 570,500
Buildings	4,422,000	4,422,000
Vehicles	24,737,115	22,385,147
Furniture and equipment	6,567,466	5,544,121
Computer equipment	38,044,400	35,900,773
Electrical equipment	11,108,067	9,476,015
Construction in progress	-	188,088
Leasehold improvements	<u>7,398,732</u>	<u>5,692,359</u>
Total	92,848,280	84,179,003
Accumulated depreciation	<u>67,626,278</u>	<u>54,401,712</u>
Net Property and Equipment	<u>HTG 25,222,002</u>	<u>HTG 29,777,291</u>

NOTE G – DEPOSITS

Deposits consist of the following:

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Savings deposits in Haitian gourdes	HTG 225,089,446	HTG 195,843,165
Savings deposits in U.S. dollars	149,339,880	102,933,405
Time deposits in Haitian gourdes	17,116,166	8,716,265
Time deposits in U.S. dollars	<u>1,468,792</u>	-
Total	<u>HTG 393,014,284</u>	<u>HTG 307,492,835</u>

Savings deposits bear interest at rates between three quarters of one percent and five percent. Time deposits bear interest rates between five and eleven percent. Accounts with average quarterly balances below HTG 100 and USD 20 are not paid interest.

The deposits shown above include deposits held for related parties in the amounts of HTG 11,201,478 and HTG 9,351,152 for the years ending December 31, 2008 and 2007, respectively.

FONKOZE SA AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE H – DEFERRED TAXES

Deferred taxes (asset) represent the future tax benefits of tax losses incurred during 2004 through 2008, which can be carried forward for five years. Deferred taxes were calculated using the tax rates in effect on December 31, 2008 and 2007. The balance of deferred taxes, net of valuation adjustments, at December 31, 2008 and 2007 were HTG 56,236,191 and HTG 52,038,048, respectively. A valuation adjustment was applied to the losses used to calculate deferred taxes at December 31, 2008 and 2007 in the amount of HTG 8,250,782 and HTG 10,814,057, respectively, to reflect the possibility that the Company may not be able to use all the carryforward before it expires.

The deferred tax asset, if unused, is scheduled to expire as follows:

December 31, 2009	HTG	8,685,961
December 31, 2010		10,421,429
December 31, 2011		12,098,340
December 31, 2012		24,079,235
December 31, 2013		<u>9,202,008</u>
Total		64,486,973
Less valuation adjustment		<u>(8,250,782)</u>
Amount expected to be realized	HTG	<u>56,236,191</u>

No income tax was paid by the Company during the years ended December 31, 2008 and 2007 due to net losses. The provisions for 2008 and 2007 income tax represents the increase in the expected future benefits provided by losses carried forward.

The provision for income taxes differs from that computed by applying statutory rates to income before income tax expense by HTG 122,987 (expense) and HTG 87,542 (income) for the years ended December 31, 2008 and 2007, respectively.

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, Fonkoze owed the Company HTG 17,882,371 at December 31, 2008 and the Company owed Fonkoze HTG 6,405,972 at December 31, 2007.

NOTE J – LONG TERM SUBORDINATED NOTES PAYABLE

Notes payable consists of thirteen notes due to individuals and organizations who are also shareholders of Fonkoze SA. The notes bore no interest until September 1, 2007, when interest began accruing at rates of 5% to 7.5% 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>	HTG at <u>December 31, 2008</u>
2012	\$ 167,600	HTG 6,673,430
2013	92,600	3,687,110
2014	92,600	3,687,110
2015	92,600	3,687,110
2016	<u>92,600</u>	<u>3,687,109</u>
Total	<u>\$ 538,000</u>	<u>HTG 21,421,869</u>

The notes are subordinate and junior to all other creditors.

FONKOZE SA AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE K – NOTES PAYABLE OTHER

Notes payable at December 31, 2008 and 2007 consisted of the following:

	<u>2008</u>	<u>2007</u>
Note payable to Doen Foundation bearing 8% interest due and payable January 25, 2008.	HTG -	HTG 3,678,440
Note payable to MEDA bearing 10% interest due and payable September 30, 2009.	11,945,280	11,035,320
Note payable to Unibank bearing 16% interest due and payable December 13, 2008.	25,000,000	50,000,000
Note payable to City National Bank, secured by a USD 500,000 Treasury Bond owned by a shareholder, bearing 4.25% interest due and payable December 18, 2009.	19,908,800	-
Note payable to Unibank bearing 16% interest due and payable February 29, 2008.	53,035,092	-
Note payable to Capital Bank bearing 18% interest due and payable January 15, 2009.	24,893,840	-
	<hr/>	<hr/>
TOTAL NOTES PAYABLE	<u>HTG 134,783,012</u>	<u>HTG 64,713,760</u>

At December 31, 2008 the unused portion of the Company's lines of credit was HTG 3,214,174.

NOTE L – 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, 2008:

<u>Year</u>	Payable in <u>USD</u>	Payable in <u>HTG</u>
2009	\$ 115,200	HTG 772,917
2010	109,200	396,250
2011	51,900	298,333
2012	-	175,000
2013	-	125,000
2014	-	125,000
2015	-	104,167
Total	<u>\$ 276,300</u>	<u>HTG 1,996,667</u>

Rent expense for the years ended December 31, 2008 and 2007 was HTG 5,310,087 and HTG 5,049,373, respectively.

FONKOZE SA AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE M – CHANGES OF ACCOUNTING METHODS

During 2007 the Company changed the method used to account for principle and interest received on Market Vendor Solidarity Group loans. Previously interest was calculated based on the outstanding principle for the exact number of days outstanding. For 2007 interest was calculated evenly over the number of scheduled payments. The effect of this change was a reduction in loans outstanding and interest income of HTG 5,502,862. During 2008, the Company returned to their previous method and now calculates interest based on the outstanding principle for the exact number of days outstanding.

During 2007 Fonkoze SA changed the method for accounting for equity. Previously these accounts were accounted for in US dollars and valuation adjustments were made annually. Beginning in 2007 these accounts are accounted for in Haitian Gourdes, thus eliminating the need for valuation adjustments. The effect of this change was a one-time increase in net income of HTG 5,867,117 with a corresponding increase in equity.

Also, during 2007 Fonkoze SA changed the method of accounting for its investment in its subsidiary. Their Company now accounts for its investment using the same method used for equity. The effect of this change was a one-time increase in net income of HTG 332,592 with a corresponding increase in the value of the investment.

NOTE N – CAPITAL STRUCTURE

During the years ended December 31, 2008 and 2007, the Organization issued new common stock through sale and conversion of debt to equity. During 2008, the Organization issued 499,984 shares of common stock. Sale of common stock accounted for all 499,984 of the new shares of common stock issued. Of the new shares issued, all carried voting rights.

During 2007, the Organization issued 713,231 shares of common stock. Sale of common stock accounted for 103,351 of the new shares and conversion of debt to equity resulted in the remaining 609,880 shares of common stock issued. Additionally, of the shares issued 552,031 shares carried voting rights while the remaining 161,200 shares had no voting rights.

NOTE O – GOING CONCERN

As shown on the accompanying financial statements, the Company incurred losses of HTG 23,016,251 and HTG 43,517,970 during the years ended December 31, 2008 and 2007, respectively. As of December 31, 2008 total liabilities exceeded total assets by HTG 48,685,622. These factors create an uncertainty about the Company's ability to continue as a going concern. Management of the Company has developed a plan to raise additional capital and take certain steps to become profitable. Financial projections prepared based on assumptions of the plan's effect have been prepared and they support management's opinion that the Company will achieve profitability and positive equity. The ability of the Company to continue as a going concern is dependent on the plan's success. Unaudited interim financial statements through June 30, 2009 are in accord with the plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE P – HURRICANE RECOVERY GRANT

The Company received a grant in the amount of HTG 40,502,014 during 2008. Under the terms of the grant the funds must be loaned to hurricane victims. When the loans are repaid, part of the funds are restricted for use as an appropriate disaster risk mitigation facility to protect the institution and their clients against future disasters. The restricted amount is USD 459,000 (HTG 17,950,113 at the December 31, 2008 exchange rate).

INDEPENDENT AUDITORS' REPORT
ON ADDITIONAL INFORMATION

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

Our report on our audit of the basic consolidated financial statements of Fonkoze SA and Subsidiary at December 31, 2008 and 2007 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 financial statements. The consolidating balance sheet expressed in Haitian Gourdes, the consolidating balance sheet expressed in U.S. dollars, and the consolidating statement of income and retained earnings expressed in Haitian Gourdes are presented for the purpose of additional analysis and are not a required part of the basic financial statements. 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
August 13, 2009



CRAFT, NOBLE & COMPANY
PLLC

Certified Public Accountants
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FONKOZE SA AND SUBSIDIARY
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2008

ASSETS

		<u>CONSOLIDATED</u>		<u>RECLASSIFICATIONS & ELIMINATIONS</u>		<u>SEVIS FINANSYE FONKOZE SA</u>		<u>FONKOZE SA</u>
CASH AND CASH EQUIVALENTS	HTG	71,985,036	HTG	-	HTG	71,412,435	HTG	572,601
INVESTMENTS		7,299,867		(122,419,724)		7,299,867		122,419,724
ACCOUNTS RECEIVABLE		40,609,623		(1,838,140)		40,609,623		1,838,140
LOANS		326,623,761		-		326,623,761		-
Less allowance for loan losses		<u>(26,935,726)</u>		<u>-</u>		<u>(26,935,726)</u>		<u>-</u>
Net loans		299,688,035		-		299,688,035		-
FIXED ASSETS		92,848,280		-		92,848,280		-
Accumulated depreciation		<u>(67,626,278)</u>		<u>-</u>		<u>(67,626,278)</u>		<u>-</u>
Fixed assets, net		25,222,002		-		25,222,002		-
OTHER ASSETS		<u>62,406,133</u>		<u>-</u>		<u>59,737,453</u>		<u>2,668,680</u>
TOTAL ASSETS	HTG	<u>507,210,696</u>	HTG	<u>(124,257,864)</u>	HTG	<u>503,969,415</u>	HTG	<u>127,499,145</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

BANK OVERDRAFTS	HTG	1	HTG	-	HTG	1	HTG	-
DEPOSITS		393,014,284		-		393,014,284		-
NOTES PAYABLE								
Long-term subordinated notes		21,421,869		-		-		21,421,869
Other notes payable		134,783,012		-		134,783,012		-
OTHER LIABILITIES		<u>6,677,152</u>		<u>(1,838,140)</u>		<u>7,732,796</u>		<u>782,496</u>
TOTAL LIABILITIES		555,896,318		(1,838,140)		535,530,093		22,204,365
SHAREHOLDERS' EQUITY								
Capital stock		50,404,300		(85,925,325)		85,935,325		50,394,300
Additional paid in capital		51,572,710		(36,494,399)		36,499,132		51,567,977
Valuation difference		-		-		-		-
Retained earnings (deficit)		(151,229,474)		-		(154,561,977)		3,332,503
Accumulated other comprehensive gain (loss)		<u>566,842</u>		<u>-</u>		<u>566,842</u>		<u>-</u>
TOTAL SHAREHOLDERS' EQUITY		<u>(48,685,622)</u>		<u>(122,419,724)</u>		<u>(31,560,678)</u>		<u>105,294,780</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	HTG	<u>507,210,696</u>	HTG	<u>(124,257,864)</u>	HTG	<u>503,969,415</u>	HTG	<u>127,499,145</u>

FONKOZE SA AND SUBSIDIARY
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2007

ASSETS								
		<u>CONSOLIDATED</u>		<u>RECLASSIFICATIONS & ELIMINATIONS</u>		<u>SEVIS FINANSYIE FONKOZE SA</u>		<u>FONKOZE SA</u>
CASH AND CASH EQUIVALENTS	HTG	67,762,540	HTG	-	HTG	67,746,534	HTG	16,006
INVESTMENTS		6,238,615		(82,457,813)		6,238,615		82,457,813
ACCOUNTS RECEIVABLE		29,944,616		-		12,134,272		17,810,344
LOANS		265,458,968		-		265,458,968		-
Less allowance for loan losses		<u>(15,610,718)</u>		<u>-</u>		<u>(15,610,718)</u>		<u>-</u>
Net loans		249,848,250		-		249,848,250		-
FIXED ASSETS		84,179,003		-		84,179,003		-
Accumulated depreciation		<u>(54,401,712)</u>		<u>-</u>		<u>(54,401,712)</u>		<u>-</u>
Fixed assets, net		29,777,291		-		29,777,291		-
OTHER ASSETS		<u>40,668,801</u>		<u>(17,680,216)</u>		<u>55,815,831</u>		<u>2,533,186</u>
TOTAL ASSETS	HTG	<u>424,240,113</u>	HTG	<u>(100,138,029)</u>	HTG	<u>421,560,793</u>	HTG	<u>102,817,349</u>
LIABILITIES AND SHAREHOLDERS' EQUITY								
BANK OVERDRAFTS	HTG	71,245,726	HTG	-	HTG	71,245,726	HTG	-
DEPOSITS		307,492,835		-		307,492,835		-
NOTES PAYABLE								
Long-term subordinated notes		20,231,420		-		-		20,231,420
Other notes payable		64,713,760		-		64,713,760		-
OTHER LIABILITIES		<u>10,958,338</u>		<u>(17,680,216)</u>		<u>28,135,834</u>		<u>502,720</u>
TOTAL LIABILITIES		474,642,079		(17,680,216)		471,588,155		20,734,140
SHAREHOLDERS' EQUITY								
Capital stock		41,656,174		(65,645,324)		65,655,323		41,646,175
Additional paid in capital		35,588,241		(16,812,489)		16,817,222		35,583,508
Valuation difference		-		-		-		-
Retained earnings (deficit)		(127,803,265)		-		(132,656,791)		4,853,526
Accumulated other comprehensive loss		<u>156,884</u>		<u>-</u>		<u>156,884</u>		<u>-</u>
TOTAL SHAREHOLDERS' EQUITY		<u>(50,401,966)</u>		<u>(82,457,813)</u>		<u>(50,027,362)</u>		<u>82,083,209</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	HTG	<u>424,240,113</u>	HTG	<u>(100,138,029)</u>	HTG	<u>421,560,793</u>	HTG	<u>102,817,349</u>

FONKOZE SA AND SUBSIDIARY
CONSOLIDATING STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>CONSOLIDATED</u>		<u>RECLASSIFICATIONS & ELIMINATIONS</u>		<u>SEVIS FINANSYÉ FONKOZE SA</u>		<u>FONKOZE SA</u>	
INTEREST INCOME								
Loans	HTG	120,247,542	HTG	(48,927)	HTG	120,247,542	HTG	48,927
Other		<u>1,421,271</u>		<u>-</u>		<u>1,298,099</u>		<u>123,172</u>
TOTAL INTEREST INCOME		121,668,813		(48,927)		121,545,641		172,099
INTEREST EXPENSE								
Deposits		6,463,819		-		6,463,819		-
Debt		<u>20,253,900</u>		<u>(48,927)</u>		<u>19,252,433</u>		<u>1,050,394</u>
TOTAL INTEREST EXPENSE		26,717,719		(48,927)		25,716,252		1,050,394
NET INTEREST INCOME		94,951,094		-		95,829,389		(878,295)
Provisions for loan losses		<u>10,419,899</u>		<u>-</u>		<u>10,419,899</u>		<u>-</u>
NET INTEREST INCOME AFTER PROVISIONS FOR LOAN LOSSES		84,531,195		-		85,409,490		(878,295)
OTHER OPERATING INCOME (EXPENSE)								
Membership dues		2,963,750		-		2,963,750		-
Income from currency exchange		17,579,583		-		17,579,583		-
Income from remittance services		3,646,527		-		3,646,527		-
Gain (loss) due to revaluation		141,722		-		141,722		-
Gain (loss) on investments		-		-		-		-
Other		<u>1,006,893</u>		<u>-</u>		<u>1,006,893</u>		<u>-</u>
NET INTEREST INCOME AND OTHER INCOME		109,869,670		-		110,747,965		(878,295)
OPERATING EXPENSES								
Salaries		100,836,780		-		100,836,780		-
Premises and equipment expenses		22,530,857		-		22,530,857		-
Depreciation and amortization		13,556,296		-		13,182,463		373,833
Other expenses		<u>41,376,926</u>		<u>-</u>		<u>41,108,467</u>		<u>268,459</u>
TOTAL OPERATING EXPENSE		<u>178,300,859</u>		<u>-</u>		<u>177,658,567</u>		<u>642,292</u>
NET LOSS FROM OPERATIONS BEFORE INCOME TAX		(68,431,189)		-		(66,910,602)		(1,520,587)
PROVISION FOR INCOME TAX		<u>4,198,143</u>		<u>-</u>		<u>3,688,815</u>		<u>509,328</u>
NET LOSS FROM OPERATIONS		(64,233,046)		-		(63,221,787)		(1,011,259)
OTHER INCOME (EXPENSE)								
Gain (loss) on revaluation of assets		(509,764)		-		-		(509,764)
Hurricane recovery grant		40,502,014		-		40,502,014		-
Interest revenue - hurricane recovery grant		<u>814,587</u>		<u>-</u>		<u>814,587</u>		<u>-</u>
NET LOSS		(23,426,209)		-		(21,905,186)		(1,521,023)
RETAINED EARNING (DEFICIT) AT BEGINNING OF YEAR (NET OF VALUATION)		<u>(127,803,265)</u>		<u>-</u>		<u>(132,656,791)</u>		<u>4,853,526</u>
RETAINED EARNINGS (DEFICIT) AT END OF YEAR	HTG	<u>(151,229,474)</u>	HTG	<u>-</u>	HTG	<u>(154,561,977)</u>	HTG	<u>3,332,503</u>

FONKOZE SA AND SUBSIDIARY
CONSOLIDATING STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>CONSOLIDATED</u>		<u>RECLASSIFICATIONS & ELIMINATIONS</u>		<u>SEVIS FINANSYÉ FONKOZE SA</u>		<u>FONKOZE SA</u>	
INTEREST INCOME								
Loans	HTG	91,061,670	HTG	(1,793,039)	HTG	91,061,670	HTG	1,793,039
Other		<u>2,443,881</u>		<u>-</u>		<u>2,022,332</u>		<u>421,549</u>
TOTAL INTEREST INCOME		93,505,551		(1,793,039)		93,084,002		2,214,588
INTEREST EXPENSE								
Deposits		5,383,822		-		5,383,822		-
Debt		<u>9,281,523</u>		<u>(1,793,039)</u>		<u>10,498,929</u>		<u>575,633</u>
TOTAL INTEREST EXPENSE		14,665,345		(1,793,039)		15,882,751		575,633
NET INTEREST INCOME		78,840,206		-		77,201,251		1,638,955
Provisions for loan losses		<u>44,230,902</u>		<u>-</u>		<u>44,230,902</u>		<u>-</u>
NET INTEREST INCOME AFTER PROVISIONS FOR LOAN LOSSES		34,609,304		-		32,970,349		1,638,955
OTHER OPERATING INCOME (EXPENSE)								
Membership dues		2,904,842		-		2,904,842		-
Income from currency exchange		22,312,092		-		22,312,092		-
Income from remittance services		1,716,524		-		1,716,524		-
Gain (loss) due to revaluation		(9,629,238)		-		(9,629,238)		-
Gain (loss) on investments		(1,877,180)		-		(1,877,180)		-
Other		<u>2,298,230</u>		<u>-</u>		<u>2,298,230</u>		<u>-</u>
NET INTEREST INCOME AND OTHER INCOME		52,334,574		-		50,695,619		1,638,955
OPERATING EXPENSES								
Salaries		72,442,395		-		72,442,395		-
Premises and equipment expenses		20,562,558		-		20,562,558		-
Depreciation and amortization		14,868,799		-		14,494,966		373,833
Other expenses		<u>29,609,754</u>		<u>-</u>		<u>28,539,376</u>		<u>1,070,378</u>
TOTAL OPERATING EXPENSE		<u>137,483,506</u>		<u>-</u>		<u>136,039,295</u>		<u>1,444,211</u>
NET LOSS FROM OPERATIONS BEFORE INCOME TAX		(85,148,932)		-		(85,343,676)		194,744
PROVISION FOR INCOME TAX		<u>36,661,503</u>		<u>-</u>		<u>37,104,134</u>		<u>(442,631)</u>
NET LOSS FROM OPERATIONS		(48,487,429)		-		(48,239,542)		(247,887)
NET INCOME (EXPENSE)								
Gain (loss) on revaluation of assets		<u>5,261,267</u>		<u>-</u>		<u>-</u>		<u>5,261,267</u>
NET LOSS		(43,226,162)		-		(48,239,542)		5,013,380
RETAINED EARNING (DEFICIT) AT BEGINNING OF YEAR		<u>(84,577,103)</u>		<u>-</u>		<u>(84,417,249)</u>		<u>(159,854)</u>
RETAINED EARNINGS (DEFICIT) AT END OF YEAR	HTG	<u><u>(127,803,265)</u></u>	HTG	<u><u>-</u></u>	HTG	<u><u>(132,656,791)</u></u>	HTG	<u><u>4,853,526</u></u>

FONKOZE SA AND SUBSIDIARY
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2008

ASSETS

	<u>CONSOLIDATED</u>	<u>RECLASSIFICATIONS & ELIMINATIONS</u>	<u>SEVIS FINANSYÉ FONKOZE SA</u>	<u>FONKOZE SA</u>
CASH AND CASH EQUIVALENTS	USD 1,807,870	USD -	USD 1,793,489	USD 14,381
INVESTMENTS	183,333	(3,074,513)	183,333	3,074,513
ACCOUNTS RECEIVABLE	1,019,891	(46,164)	1,019,891	46,164
LOANS	8,203,000	-	8,203,000	-
Less allowance for loan losses	<u>(676,478)</u>	<u>-</u>	<u>(676,478)</u>	<u>-</u>
Net loans	7,526,522	-	7,526,522	-
FIXED ASSETS	2,331,840	-	2,331,840	-
Accumulated depreciation	<u>(1,698,401)</u>	<u>-</u>	<u>(1,698,401)</u>	<u>-</u>
Fixed assets, net	633,439	-	633,439	-
OTHER ASSETS	<u>1,567,299</u>	<u>-</u>	<u>1,500,277</u>	<u>67,022</u>
TOTAL ASSETS	USD <u>12,738,354</u>	USD <u>(3,120,677)</u>	USD <u>12,656,951</u>	USD <u>3,202,080</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

BANK OVERDRAFTS	USD -	USD -	USD -	USD -
DEPOSITS	9,870,366	-	9,870,366	-
NOTES PAYABLE				
Long-term subordinated notes	538,000	-	-	538,000
Other notes payable	3,385,011	-	3,385,011	-
OTHER LIABILITIES	<u>167,693</u>	<u>(46,164)</u>	<u>194,205</u>	<u>19,652</u>
TOTAL LIABILITIES	13,961,070	(46,164)	13,449,582	557,652
SHAREHOLDERS' EQUITY				
Capital stock	1,265,880	(2,157,974)	2,158,225	1,265,629
Additional paid in capital	1,295,224	(916,539)	916,658	1,295,105
Valuation difference	-	-	-	-
Retained earnings (deficit)	(3,798,056)	-	(3,881,750)	83,694
Accumulated other comprehensive loss	<u>14,236</u>	<u>-</u>	<u>14,236</u>	<u>-</u>
TOTAL SHAREHOLDERS' EQUITY	<u>(1,222,716)</u>	<u>(3,074,513)</u>	<u>(792,631)</u>	<u>2,644,428</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	USD <u>12,738,354</u>	USD <u>(3,120,677)</u>	USD <u>12,656,951</u>	USD <u>3,202,080</u>

FONKOZE SA AND SUBSIDIARY
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2007

ASSETS								
		<u>CONSOLIDATED</u>		<u>RECLASSIFICATIONS & ELIMINATIONS</u>		<u>SEVIS FINANSYÉ FONKOZE SA</u>		<u>FONKOZE SA</u>
CASH AND CASH EQUIVALENTS	USD	1,842,154	USD	-	USD	1,841,719	USD	435
INVESTMENTS		169,599		(2,241,652)		169,599		2,241,652
ACCOUNTS RECEIVABLE		814,057		-		329,875		484,182
LOANS		7,216,618		-		7,216,618		-
Less allowance for loan losses		<u>(424,384)</u>		<u>-</u>		<u>(424,384)</u>		<u>-</u>
Net loans		6,792,234		-		6,792,234		-
FIXED ASSETS		2,288,443		-		2,288,443		-
Accumulated depreciation		<u>(1,478,934)</u>		<u>-</u>		<u>(1,478,934)</u>		<u>-</u>
Fixed assets, net		809,509		-		809,509		-
OTHER ASSETS		<u>1,105,600</u>		<u>(480,644)</u>		<u>1,517,378</u>		<u>68,866</u>
TOTAL ASSETS	USD	<u>11,533,153</u>	USD	<u>(2,722,296)</u>	USD	<u>11,460,314</u>	USD	<u>2,795,135</u>
LIABILITIES AND SHAREHOLDERS' EQUITY								
BANK OVERDRAFTS	USD	1,936,846	USD	-	USD	1,936,846	USD	-
DEPOSITS		8,359,327		-		8,359,327		-
NOTES PAYABLE								
Long-term subordinated notes		550,000		-		-		550,000
Other notes payable		1,759,272		-		1,759,272		-
OTHER LIABILITIES		<u>297,908</u>		<u>(480,644)</u>		<u>764,885</u>		<u>13,667</u>
TOTAL LIABILITIES		12,903,353		(480,644)		12,820,330		563,667
SHAREHOLDERS' EQUITY								
Capital stock		1,132,441		(1,784,597)		1,784,869		1,132,169
Additional paid in capital		967,482		(457,055)		457,183		967,354
Retained earnings (deficit)		(3,474,388)		-		(3,606,333)		131,945
Accumulated other comprehensive loss		<u>4,265</u>		<u>-</u>		<u>4,265</u>		<u>-</u>
TOTAL SHAREHOLDERS' EQUITY		<u>(1,370,200)</u>		<u>(2,241,652)</u>		<u>(1,360,016)</u>		<u>2,231,468</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	USD	<u>11,533,153</u>	USD	<u>(2,722,296)</u>	USD	<u>11,460,314</u>	USD	<u>2,795,135</u>