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**BUUSAA GONOFAA MICRO FINANCE
SHARE COMPANY**

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 2006**

**AWEKE GEBRE SELASSIE AND COMPANY
CERTIFIED PUBLIC AUDITORS**

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INDEPENDENT AUDITORS' REPORT
BUSA GONOFA MICRO FINANCE SHARE COMPANY

We have audited the accompanying balance sheet Busa Gonofa Micro Finance Share Company at 31st December, 2006 and the related profit and loss statement for the year then ended.

RESPECTIVE RESPONSIBILITIES OF MANAGEMENT AND AUDITORS

The preparation of the financial statements is the responsibility of the management of the company. It is our responsibility, based on our audit, to express our independent opinion on these financial statements.

BASIS OF OPINION

We conducted our audit in accordance with 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.

OPINION

In our opinion, the financial statements referred to above together with the notes thereon, present fairly, in all material respects, the financial position of Busa Gonofa Micro Finance Share Company 31st December, 2006 and the results of its operations for the year then ended.

AWEKE GEBRE SELASSIE AND COMPANY
CERTIFIED PUBLIC AUDITORS

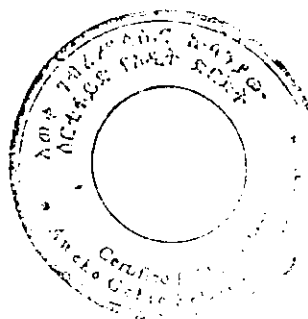
June 22, 2007
Addis Ababa



BUUSAA GONOFAA MICRO FINANCE SHARE COMPANY
 BALANCE SHEET
 AS AT 31ST DECEMBER, 2006

Currency: ETHIOPIAN BIRR

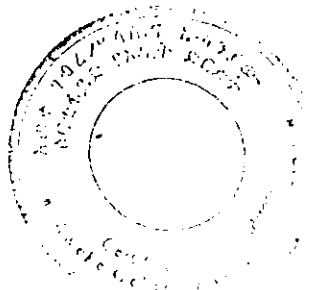
<u>ASSETS</u>	<u>Note</u>		<u>2005</u>
<u>CURRENT ASSETS</u>			
Cash on hand	4.1		
Cash at bank	4.2	363,711.11	133,232.57
Outstanding loan (net)	5	3,035,045.69	1,494,134.62
Accounts receivable	6	10,097,529.13	7,791,343.78
Prepayments		395,013.07	113,391.12
Stock		205,505.46	112,405.09
Investment		14,541.33	12,091.35
Total current assets		<u>5,000.00</u>	<u>5,000.00</u>
		14,116,345.79	<u>9,661,598.53</u>
<u>CURRENT LIABILITIES</u>			
Savings	7	2,375,424.66	1,195,132.19
Accruals	8	106,280.95	53,792.83
Taxes payable	9	10,511.12	1,716.32
Provident fund payable		18,729.00	51,837.43
Sundry creditor		-	1,391.71
Revolving fund payable		<u>400,000.00</u>	-
Total current liabilities			<u>-</u>
Net current assets		<u>2,910,945.73</u>	<u>1,303,870.48</u>
Long Term Loan		11,205,400.06	<u>8,357,728.05</u>
Fixed Assets		<u>2,175,030.00</u>	<u>2,175,030.00</u>
		9,030,370.06	6,182,698.65
		<u>1,022,576.85</u>	<u>604,736.68</u>
		<u>10,052,946.91</u>	<u>6,787,434.73</u>
<u>FINANCED BY</u>			
Paid up capital		213,000.00	213,000.00
Donated equity	11	10,136,090.32	7,427,945.73
Profit and loss statement (deficit)		<u>(296,143.41)</u>	<u>(853,511.00)</u>
		<u>10,052,946.91</u>	<u>6,787,434.73</u>



BUUSAA GONOFAA MICRO FINANCE SHARE COMPANY
 PROFIT AND LOSS STATEMENT
 FOR THE YEAR ENDED 31ST DECEMBER, 2006

Currency: ETHIOPIAN BIRR

<u>INCOME</u>	<u>Notes</u>		<u>2005</u>
Interest income on loan	12	2718,981.91	1,082,242.53
Service charge	13	118,855.90	133,446.70
Sales of pass books	14	58,053.00	22,615.00
Interest income from time deposit and saving accounts		1,762.15	18,837.06
Other income	15	<u>2,517.61</u>	<u>4,969.88</u>
		2,900,170.57	<u>1,262,111.17</u>
 <u>EXPENSES</u>			
Interest on saving		51,466.60	51,541.30
Loan loss reserve expense		56,187.39	37,309.36
Interest on borrowing		130,779.18	54,756.59
Commission fee		48,235.34	12,432.44
Personnel expenses		887,263.55	644,676.35
Employee allowances and benefit		273,203.68	142,966.02
Staff training and education		15,110.00	12,089.44
Per diem and travel expenses		103,237.68	48,061.25
Fuel and lubricants		65,218.92	42,011.26
Vehicle/motorcycle parts and repair		59,109.88	40,268.83
Furniture and equipment repair		11,530.47	21,997.30
Printing, stationery and office supplies		98,826.02	85,853.30
Other materials and supplies		61,723.30	82,933.11
Telephone, fax and postage		65,703.23	53,111.00
Office rent and utilities		159,612.77	126,764.25
Bank charges		10,957.29	9,141.71
Audit fees		6,500.00	6,500.00
Membership, license and other fees		11,205.45	27,073.03
Money Insurance		8,773.05	3,755.64
Other administrative expenses		64,982.44	39,243.74
Depreciation expense		<u>140,210.70</u>	<u>107,556.91</u>
Total expenses			107,556.91
Net profit (loss) from operation		2,329,836.94	1,650,042.83
Non operational expense		570,333.63	(387,931.66)
Net profit		(14,724.18)	-
Add: Prior year adjustment		555,609.45	(387,931.66)
Add: Balance brought forward (deficit)	16	1,758.14	2,540.33
		<u>(853,511.00)</u>	<u>(468,119.67)</u>
Balance (deficit) on 31.12.06		(851,752.86)	<u>(465,579.34)</u>
		(296,143.41)	<u>(853,511.00)</u>
 <u>APPROPRIATIONS</u>			
Transfer to balance sheet (deficit)		<u>296,143.41</u>	<u>853,511.00</u>



BUUSAA GONOFAA MICRO FINANCE SHARE COMPANY
 CASH FLOW STATEMENT
 FOR THE YEAR ENDED 31ST DECEMBER, 2006

Currency: ETHIOPIAN BIRR

Net profit (loss) for the year		555,609.45
Net income / Loss		
Adjustments to reconcile net income to net cash provide by operation activities		
Accumulated depreciation	140,204.70	
Loan receivable -- increase	(2,371,281.75)	
Loan loss allowance -- increase	65,096.40	
Other current assets - decrease	(377,172.30)	
Saving payable - increase	1,180,292.47	
Other current liabilities - decrease	426,782.78	
Prior year adjustment	<u>1,758.14</u>	
Total adjustments		<u>(934,319.56)</u>
Net cash provided by operations		(378,710.11)
Cash flows from investing activities used for		
Purchase of fixed assets		(558,044.87)
Grant received		<u>2,708,144.59</u>
Cash flows from financing activities		<u>1,771,389.61</u>

CHANGES IN CASH AND BANK BALANCES

Cash and bank balances on 31.12.06	3,398,756.80
Cash and bank balances on 01.01.06	<u>(1,627,367.19)</u>
Net increase (decrease) in cash and bank balances	<u>1,771,389.61</u>



BUUSAA GONOFAA MICRO FINANCE SHARE COMPANY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 2006

Currency: ETHIOPIAN BIRR

1. ESTABLISHMENT

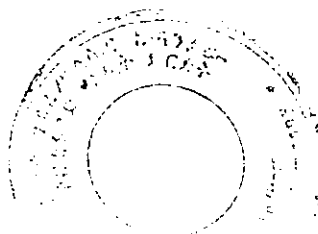
Buusaa Gonofaa Micro Financing Share Company (BG MFI) was established in May 1999 as a share company pursuant to the Commercial Code of Ethiopia. BG MFI was founded by the equity contribution of HUNDEE, an affiliate grassroots development NGO and 15 individual shareholders that share a common vision of providing the poor with access to viable financial services. BG MFI is licensed and supervised by the National Bank of Ethiopia under Proclamation No. 40/1996. Being a deposit taking non - bank financial intermediary, BG MFI has license number MFI/011/99 from the National Bank of Ethiopia to engage in business of micro finance.

2. OVERALL OBJECTIVES

BG's mission is "providing flexible and efficient micro financial service on sustainable basis to promote the pursuit of self - reliant livelihood by the low - income groups". BG will realize its mission through the delivery of high quality micro loans and appropriate saving facilities that meet the needs and capacities of its clients. BG's primary target market comprises of vulnerable households living in rural and peri-urban areas, with particular focus on women and landless youth. BG MFI offers general - purpose loans to joint - liability groups and is repayable in regular installments of weekly and biweekly intervals.

3. ACCOUNTING POLICIES

Buusaa Gonofaa Micro Finance Share Company has adopted the following accounting policies.



a. FIXED ASSETS

1. Fixed assets are recorded at acquisition cost less accumulated depreciation. Depreciation is calculated at the following rates per annum.

	<u>%</u>
Machinery and equipment	10
Computer and accessories	20
Office furniture and equipment	10
Vehicle and motor cycles	20
Building	5

2. An item is considered as fixed asset if its estimated useful life span is more than one year, the item has a unit value / cost of Birr 500.00 or above and it is physically identifiable and its location can be maintained with ease.

3. The stock valuation policy applied by the company is first in first out (FIFO).

b. LOAN LOSS RESERVE

1. Irrecoverable loans which are payments past due for more than 180 days are written off to loan loss reserve account with prior approval of the management.

2. Non - performing loans are classified into five age categories on the basis of the number of days past due and loan loss reserve is provided by computing reserve against each category of non - performing outstanding loans.

The basis of reserve computation is as follows:-

<u>Loan Portfolio</u>	<u>%</u>
Current	0
1-30 days late	10
31-60 days late	25
61-90 days late	30
91-180 days late	50
Over 180 days late	100



c. INTEREST ON LOANS

Cash basis accounting is used to recognize interest income from loans.

d. INTEREST ON SAVINGS

Interest due and payable to depositors is accrued and included in the financial statements.

e. DONATIONS / GRANTS

1. Revenue from donations are shown separately from income generated from financial operations.

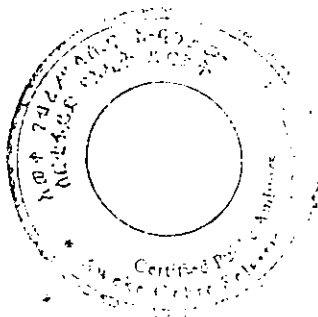
2. Grants for equity and revolving fund are directly credited to capital account.

f. EXPENSES

Expenses are included in the financial statements on accrual accounting basis.

g. DONATIONS IN KIND

Donation in kind and subsidies are estimated and included in the accounts.



4. CASH AND BANK

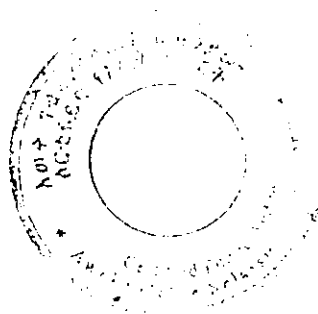
4.1 The make up of cash on hand is as follows:-

CASH ON HAND

		<u>2005</u>
Mojo Branch		
Chancho Branch	34,617.06	36,493.91
Hollota Branch	20,811.11	23,757.21
Bushoftu Branch	13,585.91	3,208.63
Ginichi Branch-	60,710.50	4,674.60
Ambo Branch	68,391.14	33,697.08
Shashemene Branch	26,631.75	-
Kofale Branch	33,004.38	592.68
Bokoji Branch	7,974.01	1,337.81
Dodola Branch	49,449.75	6,470.65
	<u>22,535.50</u>	-
	<u>337,711.11</u>	<u>110,232.57</u>

PETTY CASH

Head Office		
Mojo Branch	-	5,000.00
Chancho Branch	1,500.00	1,500.00
Hollota Branch	1,500.00	1,500.00
Bushoftu Branch	1,500.00	1,500.00
Ginichi Branch	1,500.00	1,500.00
Ambo Branch	1,500.00	1,500.00
Arisi Negelle Branch	1,500.00	1,500.00
Shashemene Branch	1,500.00	1,500.00
Kofale Branch	1,500.00	1,500.00
Bokoji Branch	1,500.00	1,500.00
Dadola Branch	1,500.00	1,500.00
Asela	1,500.00	-
Kersa	1,500.00	-
Jeldu	1,500.00	-
Adaba Branch	1,500.00	-
	<u>5,000.00</u>	<u>3,000.00</u>
	<u>26,000.00</u>	<u>23,000.00</u>
	<u>363,711.11</u>	<u>133,232.57</u>



4.2 CASH AT BANK

The make up of cash balances is as follows:-

	<u>2005</u>	
Commercial Bank Ethiopia, Addis Ababa Branch, current account number 01710-267363-00	2,686.03	2,686.03
Awash International Bank S.C., Head office Branch, current account number 1239	32,296.52	643,178.46
Commercial Bank of Ethiopia, Mojo Branch, Current account number 61295	450,850.48	148,089.21
Commercial Bank of Ethiopia, Arada Branch, Current account number 3000	274.10	80,176.10
Commercial Bank of Ethiopia, Holota Branch, Current account number 385	182,596.00	64,882.10
Commercial Bank of Ethiopia, Bishoftu Branch, Current account number 1221	425,152.93	231,739.96
Commercial Bank of Ethiopia, Hagere Hiwot Current Account number 1483	130,784.70	29,569.70
Commercial Bank of Ethiopia, Hagere Hiwot Current Account number 1484	148,685.65	68,536.03
Commercial Bank of Ethiopia, Aris Negale Branch Current Account No. 263	295,955.76	116,672.32
Commercial Bank of Ethiopia, Shashemene Branch Current account No. 1219	185,400.40	-
Commercial Bank of Ethiopia Shashemene Branch Current Account No. 1157	100,763.57	58,625.17
Commercial Bank of Ethiopia, Dodola Branch Current account No. 891	189,470.90	-
Commercial Bank of Ethiopia, Bokoji Branch Current Account No. 450	75,867.05	1,000.00
Commercial Bank of Ethiopia, Fitcha Branch Current Account No.	169,582.90	-
Commercial Bank of Ethiopia, Temenja Yaj Branch, current account number 2771	338,078.39	43,847.66
Dashen Bank - Main Branch	<u>500.00</u>	<u>500.00</u>
Commercial Bank Ethiopia – Saving account Temenja Yaj Branch account number 42077	2,728,945.38	1,489,502.76
	<u>306,100.31</u>	<u>4,631.86</u>
	<u>3,035,045.69</u>	<u>1,494,134.62</u>



5. OUTSTANDING LOANS

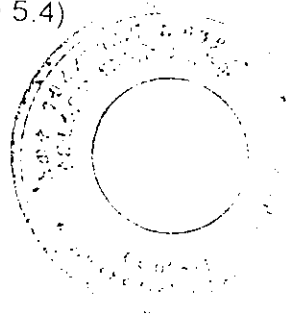
5.1 The make up of outstanding loan by branch is as follows:-

	<u>2005</u>	
Mojo Branch	1,116,866.02	1,089,130.41
Chancho Branch	963,452.00	445,852.90
Holota Branch	945,635.78	781,945.06
Bishoftu Branch	1,981,655.64	1,438,306.41
Ginichi Branch	1,033,509.15	766,422.45
Ambo Branch	701,970.62	1,028,311.49
Arsi Negelle Branch	905,620.33	994,466.23
Shashemene Branch	1,429,419.78	1,188,841.15
Kofale Branch	370,118.95	13,991.35
Bokoji Branch	449,712.55	22,299.00
Dodola Branch	263,095.85	-
Head Office	<u>16,812.43</u>	<u>37,020.90</u>
	10,177,869.10	7,806,587.35
<u>Less: Loan loss reserve</u> (Refer note 5.4 below)	<u>80,339.97</u>	<u>15,243.57</u>
	<u>10,097,529.13</u>	<u>7,791,343.78</u>

5.2 LOAN PORTFOLIO BY LOAN PRODUCT

The breakdown of the outstanding loan portfolio by loan product is as follows:-

<u>Loan Product</u>	<u>2005</u>	
Weekly group loan	2,304,879.95	1,134,759.00
Bi-weekly group loan	2,116,986.60	1,048,956.65
Monthly loan	<u>5,756,002.55</u>	<u>5,622,871.70</u>
Total outstanding loan before provision	10,177,869.10	7,806,587.35
<u>Less: Loan loss reserve (Note 5.4)</u>	<u>80,339.97</u>	<u>15,243.57</u>
Net portfolio loan	<u>10,097,529.13</u>	<u>7,791,343.78</u>



5.3 PORTFOLIO AGE CATEGORY - BIRR 80,339.97

The age category of the outstanding loan portfolio is as follows:-

<u>Portfolio age category</u>	<u>2006</u>			<u>2005</u>		
	<u>Share of total</u>	<u>Amount</u>	<u>Loan loss reserve</u>	<u>Share of total</u>	<u>Amount</u>	<u>Loan loss reserve</u>
Current	98.41	10,011,927.95	-	99.19	7,743,203.95	-
1 - 30 days late	0.44	45,702.14	4,570.20	0.42	32,736.60	3,273.66
31 - 60 days late	0.27	28,308.27	7,077.07	0.09	7,038.05	1,759.51
61 - 90 days late	0.03	3,313.75	994.13	0.10	7,969.85	2,390.95
91 - 180 days late	0.40	41,836.85	20,918.43	0.20	15,638.90	7,819.45
> 180 days late	0.45	<u>46,780.14</u>	<u>46,780.14</u>	-	-	-
Gross outstanding Portfolio	100%	<u>10,177,659.10</u>	<u>80,339.97</u>	100%	<u>7,806,587.35</u>	<u>15,243.57</u>

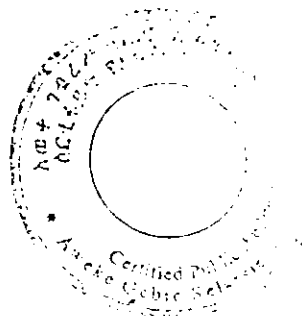
5.4 LOAN LOSS RESERVE

Changes in the loan loss reserve are summarized as follows:-

	<u>2005</u>	
Beginning balance, January 1, 2006	15,243.57	43,254.31
<u>Add: Additional provision for loan losses for the year</u>	<u>56,187.39</u>	<u>37,309.36</u>
<u>Less: Loans written - off</u>	<u>71,430.96</u>	<u>80,563.67</u>
	<u>-</u>	<u>72,271.25</u>
<u>Add: Collection from written off</u>	<u>71,430.96</u>	<u>8,292.42</u>
	<u>8,909.01</u>	<u>6,951.15</u>
	<u>80,339.97</u>	<u>15,243.57</u>

6. ACCOUNTS RECEIVABLE

Taxes	8,967.48	9,128.78
Staff debtors	162,342.30	98,057.24
Sundry debtors	<u>223,703.29</u>	<u>6,205.10</u>
	<u>395,013.07</u>	<u>113,391.12</u>



7. SAVINGS

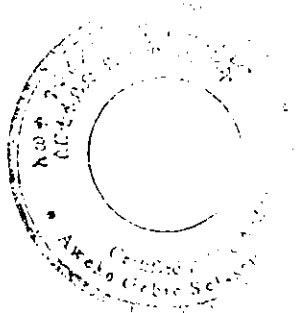
		<u>200F</u>
Head office	2,075.00	2,075.00
Mojo Branch	359,358.67	239,146.69
Chancho Branch	189,672.25	119,637.35
Holota Branch	278,854.53	208,009.55
Bushoftu Branch	490,452.60	309,691.00
Ginichi Branch	227,070.00	75,953.25
Ambo Branch	105,959.75	62,761.95
Arsi Negelle Branch	234,653.30	83,626.05
Shashemene Branch	265,266.76	93,287.00
Kofale Branch	76,208.35	326.35
Bokoji Branch	103,196.20	618.00
Dodola Branch	42,657.25	-
	<u>2,375,424.66</u>	<u>1,195,132.19</u>

8. ACCRUALS

Audit fee payable	6,500.00	6,500.00
Salaries and wages	30,888.00	-
Utilities	3,194.96	798.46
Telephone, fax and postage	10,285.75	9,162.43
Interest payable on loan	54,703.49	37,331.94
Others	708.75	-
	<u>106,280.95</u>	<u>53,792.83</u>

9. TAX PAYABLE

Income tax	9,442.17	1,716.32
Withholding tax	1,068.95	-
	<u>10,511.12</u>	<u>1,716.32</u>



10. FIXED ASSETS

The make up of fixed assets is shown hereunder:-

<u>COST</u>	Balance 01.01.06	Addition	Adjustment Disposal	Balance 31.12.06
Vehicle and motor cycles	461,969.58	431,638.33	-	893,607.91
Machinery and equipment	32,777.50	-	-	32,777.50
Computer and printers	177,520.95	88,202.00	-	265,722.95
Office furniture and fixture	97,989.79	38,204.54	-	136,194.33
Other fixed assets	4,808.00	-	-	4,808.00
Building under construction	<u>299,895.00</u>	<u>-</u>	<u>-</u>	<u>299,895.00</u>
	<u>1,074,960.82</u>	<u>558,044.87</u>	<u>-</u>	<u>1,633,005.69</u>
<u>DEPRECIATION</u>				
Vehicles and motor cycle	321,488.33	96,820.59	-	418,308.92
Machinery and equipment	15,835.99	3,277.75	-	19,113.74
Computer and printer	102,345.23	28,545.27	(6.00)	130,884.50
Office furniture and fixture	27,989.79	11,086.29	-	39,076.08
Other fixed assets	<u>2,564.80</u>	<u>480.80</u>	<u>-</u>	<u>3,045.60</u>
	<u>470,224.14</u>	<u>140,210.70</u>	<u>(6.00)</u>	<u>610,428.84</u>
Net book balance	<u>604,736.68</u>			<u>1,022,576.85</u>

11. DONATED EQUITY

The make up of donated equities is as follows:-

		<u>2005</u>
Arsi, Bale Rural Development (ABRP)	168,160.00	-
SOS FAIM	3,129,343.90	1,478,238.30
Hundee / WSM	1,363,639.85	1,363,639.85
WSM	1,189,890.00	963,420.00
International Organization for Development Cooperation (ICCO)	3,761,502.20	3,213,182.20
Terrafina - Earmarked fund	94,088.99	-
Embassy of France	300,000.00	300,000.00
Archipel 33	25,166.56	25,166.56
RUFIP	50,154.00	50,154.00
CIDR	34,400.00	14,400.00
Association of Ethiopian Micro Finance Institutions (AEMFI)	<u>19,744.82</u>	<u>19,744.82</u>
	<u>10,136,090.32</u>	<u>7,427,945.73</u>



12. INTEREST INCOME

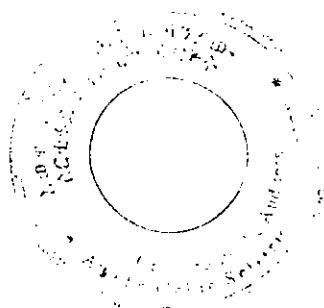
The make up of interest income is as follows:-

		<u>2005</u>
Head office	2,755.20	1,128.75
Mojo Branch	357,453.84	211,579.44
Chancho Branch	235,503.15	130,705.75
Holota Branch	343,466.33	259,840.97
Bishoftu Branch	533,217.18	305,452.89
Ginichi Branch	253,387.71	48,966.35
Ambo Branch	180,162.35	26,024.51
Arisi Negelle Branch	289,367.85	48,912.14
Shashemene Branch	333,758.45	49,348.73
Kofale Branch	64,319.50	73.00
Bokoji Branch	88,867.80	210.00
Dodola Branch	36,722.55	-
	<u>2,718,981.91</u>	<u>1,082,242.53</u>

13. SERVICE CHARGE INCOME

The make up of service charge income by branch is as follows:-

Head Office	-	830.00
Mojo Branch	6,771.00	16,276.00
Sululta Branch	14,485.00	5,189.40
Holota Branch	13,341.25	10,046.20
Bishoftu Branch	21,683.00	16,588.00
Ginichi Branch	9,591.00	14,874.20
Ambo Branch	3,676.25	20,884.50
Arisi Negelle Branch	10,869.80	22,898.00
Shashemene Branch	22,259.60	25,420.40
Kofale Branch	5,153.00	160.00
Bokoji Branch	6,677.00	280.00
Dodola Branch	4,349.00	-
	<u>118,855.90</u>	<u>133,446.70</u>



14. SALES OF PASS BOOKS

The make up of sales of pass books is as follows:-

		<u>2005</u>
Mojo Branch	3,360.00	1,535.00
Chancho Branch	5,153.50	1,685.00
Holota Branch	5,295.50	2,610.00
Bishoftu Branch	6,660.00	4,110.00
Ginichi Branch	6,161.00	4,290.00
Ambo Branch	1,625.00	1,785.00
Arisi Negele Branch	5,755.00	2,660.00
Shashemene Branch	6,965.00	3,500.00
Kofele Branch	6,726.00	160.00
Bokoji Branch	6,077.00	280.00
Dodola Branch	<u>4,275.00</u>	-
	<u>58,053.00</u>	<u>22,615.00</u>

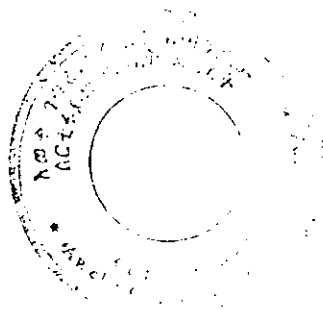
15. OTHER INCOME

Fine	-	843.33
Penalty	1,106.65	311.80
Cash overage	-	255.90
Other Income	<u>1,410.96</u>	<u>3,558.85</u>
	<u>2,517.61</u>	<u>4,969.88</u>

16. PRIOR YEAR ADJUSTMENT

The make up of prior year adjustment is as follows: -

Depreciation expense adjustment	-	2,540.33
Opening balance adjustment	<u>1,758.14</u>	-
	<u>1,758.14</u>	<u>2,540.33</u>



17. REPAYMENT RATE

Repayment Rate = $\frac{\text{Amount collected during the period}}{\text{Amount due} + \text{Amount Past due}}$

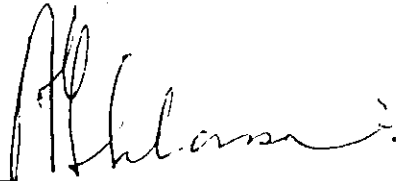
$$= \frac{15,061,164.94}{15,061,164.94 + 80,238.66}$$

$$= \underline{99.5\%}$$

18. CONCLUSION

18.1 We wish to express our appreciation and gratitude for the co-operation and assistance extended to us by the management and staff members of the Company during the course of the audit.

18.2 Should there be any information required in respect of these accounts and report, we shall be pleased to supply it.



AWEKE GEBRE SELASSIE AND COMPANY
CERTIFIED PUBLIC AUDITORS

June 22, 2007

Addis Ababa



Buusaa Gonofaa

Microfinance S.C. /Aksiyonii Liqii fi Qusanno
(BG MFI)

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Fax: +251(0)11-465 40 45 P.O.Box 24850 Code 1000
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Ref. BG/312/07

Date: June 25, 2007


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Addis Ababa

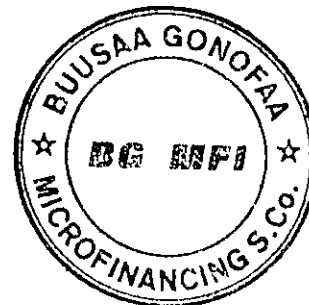
Dear Sir,

RE: Submission of Audit Report

Enclosed herewith please find copy of the external audit report for the year ended December 31, 2006.

Best regards,


Feshome Yohannes
General Manager



Cc.

Finance and Administration Department
BG MFI