

FONKOZE SA AND SUBSIDIARY
PORT AU PRINCE, HAITI
* * * * *
AUDITED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2006 AND 2005



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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, 2006 and 2005, and the related consolidated statements of income, comprehensive income, retained earnings, 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, 2006 and 2005, 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
April 28, 2008



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FONKOZE SA AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2006 AND 2005

		<u>2006</u>		<u>2005</u>
ASSETS				
CASH AND CASH EQUIVALENTS	HTG	39,935,695	HTG	93,785,727
INVESTMENTS		14,705,739		39,790,215
ACCOUNTS RECEIVABLE		28,281,135		24,652,574
LOANS		181,343,059		140,238,161
Less allowance for loan losses		(8,844,817)		(4,207,143)
Net loans		<u>172,498,242</u>		<u>136,031,018</u>
FIXED ASSETS		82,121,389		68,800,550
Accumulated depreciation		(42,477,773)		(27,723,216)
Fixed assets, net		<u>39,643,616</u>		<u>41,077,334</u>
OTHER ASSETS		<u>21,769,557</u>		<u>18,241,155</u>
TOTAL ASSETS	HTG	<u><u>316,833,984</u></u>	HTG	<u><u>353,578,023</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
BANK OVERDRAFTS	HTG	34,028,950	HTG	7,370,042
DEPOSITS		263,549,256		249,737,733
NOTES PAYABLE				
Long-term subordinated notes		49,333,078		62,863,175
OTHER LIABILITIES		<u>4,218,491</u>		<u>44,393,446</u>
TOTAL LIABILITIES		351,129,775		364,364,396
SHAREHOLDERS' EQUITY				
Capital stock, par value, USD 1.25, USD 952,616 shares issued and outstanding		50,391,820		44,700,670
Additional paid in capital		3,935		3,935
Retained earnings (deficit)		(85,052,696)		(53,704,444)
Accumulated other comprehensive gain (loss)		<u>361,150</u>		<u>(1,786,534)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>(34,295,791)</u>		<u>(10,786,373)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	HTG	<u><u>316,833,984</u></u>	HTG	<u><u>353,578,023</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

FONKOZE SA AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME AND ACCUMULATED DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

		<u>2006</u>		<u>2005</u>
INTEREST INCOME				
Loans	HTG	66,266,416	HTG	62,954,102
Other		<u>5,245,856</u>		<u>4,036,292</u>
TOTAL INTEREST INCOME		71,512,272		66,990,394
INTEREST EXPENSE				
Deposits and debt		<u>7,379,191</u>		<u>4,940,166</u>
NET INTEREST INCOME		64,133,081		62,050,228
Provisions for loan losses		<u>12,352,112</u>		<u>3,791,156</u>
NET INTEREST INCOME AFTER PROVISIONS FOR LOAN LOSSES		51,780,969		58,259,072
OTHER OPERATING INCOME (EXPENSE)				
Membership dues		2,448,711		1,575,960
Income from currency exchange		17,613,221		14,400,697
Income from remittance services		1,741,359		1,760,252
Gain (loss) due to revaluation		12,170,929		(15,702,020)
(Loss) on investments		(2,276,479)		(1,541,933)
Other		<u>3,320,858</u>		<u>4,525,396</u>
NET INTEREST INCOME AND OTHER INCOME		86,799,568		63,277,424
OPERATING EXPENSES				
Salaries		57,335,179		46,314,021
Premises and equipment expenses		19,948,180		10,857,223
Depreciation and amortization		15,294,235		11,535,201
Other expenses		<u>30,374,785</u>		<u>24,447,694</u>
TOTAL OPERATING EXPENSE		<u>122,952,379</u>		<u>93,154,139</u>
NET LOSS FROM OPERATIONS BEFORE INCOME TAX		(36,152,811)		(29,876,715)
PROVISION FOR INCOME TAX		<u>1,747,479</u>		<u>1,022,236</u>
NET LOSS FROM OPERATIONS		(34,405,332)		(28,854,479)
OTHER INCOME (EXPENSE)				
(Loss) on revaluation of assets		<u>(6,322,672)</u>		<u>(6,281,476)</u>
NET LOSS		(40,728,004)		(35,135,955)
RETAINED EARNINGS (DEFICIT) AT BEGINNING OF YEAR NET OF VALUATION		(47,338,965)		(18,521,642)
PRIOR YEAR ADJUSTMENT		2,985,320		-
INCREASE (DECREASE) IN RETAINED EARNINGS UPON CONVERSION		<u>28,953</u>		<u>(46,847)</u>
RETAINED EARNINGS (DEFICIT) AT END OF YEAR	HTG	<u>(85,052,696)</u>	HTG	<u>(53,704,444)</u>

FONKOZE SA AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
Net Loss	HTG (40,728,004)	HTG (35,135,955)
Other comprehensive income before tax:		
Unrealized gains (losses) on securities: available after sale		
Unrealized holding losses arising during the period	(19,863)	(1,420,093)
Reclassification adjustment for gains included in income	<u>2,167,547</u>	<u>-</u>
Other comprehensive income	2,147,684	1,420,093
Tax expense related to other comprehensive income	<u>-</u>	<u>-</u>
Other comprehensive income, net of tax	<u>2,147,684</u>	<u>1,420,093</u>
Comprehensive loss	HTG <u><u>(38,580,320)</u></u>	HTG <u><u>(33,715,862)</u></u>

FONKOZE SA AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	HTG (40,728,004)	HTG (35,135,955)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Net revaluation (gains)	(7,321,725)	(3,719,357)
Realized and unrealized losses on investments	2,276,479	1,541,933
Depreciation and amortization	15,294,235	11,535,201
Prior year adjustment and conversion change	3,014,273	(46,847)
Increase (decrease) in other comprehensive gain	2,147,684	(1,420,093)
Provision for loan loss	12,352,112	3,791,156
Deferred tax	(3,370,185)	(1,008,600)
(Increase) decrease in:		
Accounts receivable	(3,628,561)	(2,048,338)
Loans	(36,467,224)	(6,260,688)
Other assets	(2,988,724)	(4,707,726)
Increase (decrease) in:		
Bank overdrafts	26,658,908	(2,252,515)
Deposits	13,811,523	59,068,812
Other liabilities	<u>(40,174,955)</u>	<u>605,094</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(59,124,164)	19,942,077
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(13,320,839)	(18,483,372)
Sale of investments	58,624,937	9,374,485
Purchase of investments	<u>(40,029,966)</u>	<u>(780,240)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	5,274,132	(9,889,127)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowing	<u>-</u>	<u>14,333,434</u>
NET CASH FROM FINANCING ACTIVITIES	<u>-</u>	<u>14,333,434</u>
NET INCREASE (DECREASE) IN CASH	(53,850,032)	24,386,384
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>93,785,727</u>	<u>69,399,343</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	HTG <u><u>39,935,695</u></u>	HTG <u><u>93,785,727</u></u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid during the year for interest	HTG <u><u>4,937,298</u></u>	HTG <u><u>4,884,266</u></u>

FONKOZE SA AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005

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, 2006 and 2005, 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 market value at December 31, 2006 and book value at December 31, 2005.

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, 2006 AND 2005

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 and 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, 2006 was 40.4085 and the rate for the year ended December 31, 2005 was 40.4486 Haitian gourdes to one U.S. dollar.

The official rates of exchange published by the Central Bank as of December 31, 2006 and 2005 were 37.5914 and 43.0003 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, 2006 and 2005 represents unrealized losses on available-for-sale securities.

FONKOZE SA AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following:

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Currency held in branch offices	HTG 7,806,579	HTG 17,616,789
Deposits held in U.S. banks	9,698,441	45,597,721
Deposits held in Haitian banks	22,430,675	26,570,926
Deposits held in Curacaon bank	<u>-</u>	<u>4,000,291</u>
 Total	 <u>HTG 39,935,695</u>	 <u>HTG 93,785,727</u>
 Currency in U.S. dollars	 HTG 2,112,888	 HTG 3,429,314
Currency in Haitian gourdes	5,693,691	14,187,475
Deposits in U.S. dollars	26,008,718	67,615,257
Deposits in Haitian gourdes	<u>6,120,398</u>	<u>8,553,681</u>
 Total	 <u>HTG 39,935,695</u>	 <u>HTG 93,785,727</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 552,052 and HTG 470,354 for the years ended December 31, 2006 and 2005, respectively.

NOTE C – INVESTMENTS

Investments consisted of the following:

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Brokerage account – Morgan Stanley	HTG -	HTG 32,943,640
SNI Minoterie	1,720,522	1,740,377
Certificate of Deposit – Self Help Credit Union	4,680,104	-
Treasury Bills	<u>8,305,113</u>	<u>5,106,198</u>
 Total	 <u>HTG 14,705,739</u>	 <u>HTG 39,790,215</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 at December 31, 2005, 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 for the year ended December 31, 2005. 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 market value at December 31, 2006 and book value at December 31, 2005.

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, 2006 and 2005, the company was in compliance with this policy.

FONKOZE SA AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005

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 101,371 and USD 50,000 during 2006 and 2005, respectively. The balance owed by Fondasyon Kole Zepòl (Fonkoze) was HTG 12,919,525 and HTG 16,928,489 at December 31, 2006 and 2005, respectively.

NOTE E – LOANS

Loans consist of the following:

	<u>December 31, 2006</u>		<u>December 31, 2005</u>	
Market vendor solidarity groups	HTG	181,343,059	HTG	140,238,161
Less allowance for loan losses		<u>8,844,817</u>		<u>4,207,143</u>
Net Loans	<u>HTG</u>	<u>172,498,242</u>	<u>HTG</u>	<u>136,031,018</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, 2006</u>		<u>December 31, 2005</u>	
Land	HTG	570,500	HTG	570,500
Buildings		4,422,000		4,422,000
Vehicles		23,890,977		18,364,447
Furniture and equipment		4,943,626		8,008,163
Computer equipment		37,107,786		34,827,275
Electrical equipment		6,373,877		-
Leasehold improvements		<u>4,812,623</u>		<u>2,608,165</u>
Total		82,121,389		68,800,550
Accumulated depreciation		<u>42,477,773</u>		<u>27,723,216</u>
Net Property and Equipment	<u>HTG</u>	<u>39,643,616</u>	<u>HTG</u>	<u>41,077,334</u>

NOTE G – DEPOSITS

Deposits consist of the following:

	<u>December 31, 2006</u>		<u>December 31, 2005</u>	
Savings deposits in Haitian gourdes	HTG	166,870,259	HTG	146,408,190
Savings deposits in U.S. dollars		91,890,500		99,622,698
Time deposits in Haitian gourdes		4,788,497		2,997,340
Time deposits in U.S. dollars		-		709,505
Total	<u>HTG</u>	<u>263,549,256</u>	<u>HTG</u>	<u>249,737,733</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, 2006 AND 2005

NOTE H – DEFERRED TAXES

Deferred taxes (asset) represent the future tax benefits of tax losses incurred during 2006 and 2005, which can be carried forward for five years. Deferred taxes were calculated using the tax rates in effect on December 31, 2006 and 2005. The balance of deferred taxes at December 31, 2006 and 2005 were HTG 14,457,542 and HTG 11,087,357, respectively. A valuation adjustment was applied to the losses used to calculate deferred taxes at December 31, 2006 and 2005 in the amount of HTG 87,822,514 and HTG 28,953,204, respectively 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 2,488,951 and HTG 38,981,842 at December 31, 2006 and 2005, 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 bear 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, 2006</u>
2012	\$ 262,470	HTG 9,866,616
2013	262,470	9,866,616
2014	262,470	9,866,616
2015	262,470	9,866,616
2016	<u>262,470</u>	<u>9,866,614</u>
Total	<u>\$ 1,312,350</u>	<u>HTG 49,333,078</u>

The notes are subordinate and junior to all other creditors.

FONKOZE SA AND SUBSIDIARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005

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, 2006:

<u>Year</u>	Payable in <u>USD</u>	Payable in <u>HTG</u>
2007	\$ 88,000	HTG 911,667
2008	88,000	865,000
2009	88,000	778,333
2010	82,500	353,750
2011	<u>33,833</u>	<u>190,000</u>
Total	<u>\$ 380,333</u>	<u>HTG 3,098,750</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	<u>5,000</u>	<u>210,417</u>
Total	<u>\$ 69,000</u>	<u>HTG 3,244,792</u>

NOTE L – PRIOR YEAR ERROR

Interest payable to investors in Fonkoze SA was accrued in 2004 and 2005 in error. Interest on the debt does not begin to accrue until September 1, 2007. (See Note J). The accrual was HTG 2,200,211, and HTG 785,109 at December 31, 2005 and 2004 respectively.

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 financial statements of Fonkoze SA and Subsidiary at December 31, 2006 and 2005 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
April 28, 2008



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FONKOZE SA AND SUBSIDIARY
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2006

ASSETS

		<u>CONSOLIDATED</u>		<u>RECLASSIFICATIONS & ELIMINATIONS</u>		<u>SEVIS FINANSYÉ FONKOZE SA</u>		<u>FONKOZE SA</u>
CASH AND CASH EQUIVALENTS	HTG	39,935,695	HTG	-	HTG	30,889,307	HTG	9,046,388
INVESTMENTS		14,705,739		(40,934,291)		14,705,739		40,934,291
ACCOUNTS RECEIVABLE		28,281,135		(33,477,118)		15,361,610		46,396,643
LOANS		181,343,059		-		181,343,059		-
Less allowance for loan losses		(8,844,817)		-		(8,844,817)		-
Net loans		<u>172,498,242</u>		-		<u>172,498,242</u>		-
FIXED ASSETS		82,121,389		-		82,121,389		-
Accumulated depreciation		(42,477,773)		-		(42,477,773)		-
Fixed assets, net		<u>39,643,616</u>		-		<u>39,643,616</u>		-
OTHER ASSETS		<u>21,769,557</u>		-		<u>18,419,907</u>		<u>3,349,650</u>
TOTAL ASSETS	HTG	<u><u>316,833,984</u></u>	HTG	<u><u>(74,411,409)</u></u>	HTG	<u><u>291,518,421</u></u>	HTG	<u><u>99,726,972</u></u>

LIABILITIES AND SHAREHOLDERS' EQUITY

BANK OVERDRAFTS	HTG	34,028,950	HTG	-	HTG	34,028,950	HTG	-
DEPOSITS		263,549,256		-		263,549,256		-
NOTES PAYABLE								
Long-term subordinated notes		49,333,078		-		-		49,333,078
OTHER LIABILITIES		<u>4,218,491</u>		<u>(33,477,118)</u>		<u>37,526,447</u>		<u>169,162</u>
TOTAL LIABILITIES		351,129,775		(33,477,118)		335,104,653		49,502,240
SHAREHOLDERS' EQUITY								
Capital stock		50,391,820		(26,204,441)		26,211,675		50,384,586
Additional paid in capital		3,935		(14,254,257)		14,258,192		-
Valuation difference		-		(475,593)		-		475,593
Retained earnings (deficit)		(85,052,696)		-		(84,417,249)		(635,447)
Accumulated other comprehensive gain (loss)		<u>361,150</u>		-		<u>361,150</u>		-
TOTAL SHAREHOLDERS' EQUITY		<u>(34,295,791)</u>		<u>(40,934,291)</u>		<u>(43,586,232)</u>		<u>50,224,732</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	HTG	<u><u>316,833,984</u></u>	HTG	<u><u>(74,411,409)</u></u>	HTG	<u><u>291,518,421</u></u>	HTG	<u><u>99,726,972</u></u>

FONKOZE SA AND SUBSIDIARY
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2005

ASSETS								
		<u>CONSOLIDATED</u>		<u>RECLASSIFICATIONS & 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 STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2006

	CONSOLIDATED		RECLASSIFICATIONS & ELIMINATIONS		SEVIS FINANSYÉ FONKOZE SA		FONKOZE SA	
INTEREST INCOME								
Loans	HTG	66,266,416	HTG	(1,007,146)	HTG	66,266,416	HTG	1,007,146
Other		<u>5,245,856</u>		<u>-</u>		<u>4,204,858</u>		<u>1,040,998</u>
TOTAL INTEREST INCOME		71,512,272		(1,007,146)		70,471,274		2,048,144
INTEREST EXPENSE								
Deposits and debt		<u>7,379,191</u>		<u>-</u>		<u>7,379,191</u>		<u>-</u>
NET INTEREST INCOME		64,133,081		(1,007,146)		63,092,083		2,048,144
Provisions for loan losses		<u>12,352,112</u>		<u>-</u>		<u>12,352,112</u>		<u>-</u>
NET INTEREST INCOME AFTER PROVISIONS FOR LOAN LOSSES		51,780,969		(1,007,146)		50,739,971		2,048,144
OTHER OPERATING INCOME (EXPENSE)								
Membership dues		2,448,711		-		2,448,711		-
Income from currency exchange		17,613,221		-		17,613,221		-
Income from remittance services		1,741,359		-		1,741,359		-
Gain (loss) due to revaluation		12,170,929		-		12,170,929		-
Gain (loss) on investments		(2,276,479)		-		(2,276,479)		-
Other		<u>3,320,858</u>		<u>-</u>		<u>3,320,858</u>		<u>-</u>
NET INTEREST INCOME AND OTHER INCOME		86,799,568		(1,007,146)		85,758,570		2,048,144
OPERATING EXPENSES								
Salaries		57,335,179		-		57,335,179		-
Premises and equipment expenses		19,948,180		-		19,948,180		-
Depreciation and amortization		15,294,235		-		14,807,399		486,836
Other expenses		<u>30,374,785</u>		<u>(1,007,146)</u>		<u>31,361,931</u>		<u>20,000</u>
TOTAL OPERATING EXPENSE		122,952,379		(1,007,146)		123,452,689		506,836
NET LOSS FROM OPERATIONS BEFORE INCOME TAX		(36,152,811)		-		(37,694,119)		1,541,308
PROVISION FOR INCOME TAX		<u>1,747,479</u>		<u>-</u>		<u>385,694</u>		<u>1,361,785</u>
NET LOSS FROM OPERATIONS		(34,405,332)		-		(37,308,425)		2,903,093
OTHER INCOME (EXPENSE)								
Gain (loss) on revaluation of assets		<u>(6,322,672)</u>		<u>-</u>		<u>-</u>		<u>(6,322,672)</u>
NET LOSS		(40,728,004)		-		(37,308,425)		(3,419,579)
RETAINED EARNING (DEFICIT) AT BEGINNING OF YEAR (NET OF VALUATION)		(47,338,965)		-		(47,108,824)		(230,141)
PRIOR YEAR ADJUSTMENTS		2,985,320		-		-		2,985,320
INCREASE IN RETAINED EARNINGS UPON CONVERSION		<u>28,953</u>		<u>-</u>		<u>-</u>		<u>28,953</u>
RETAINED EARNINGS (DEFICIT) AT END OF YEAR	HTG	<u>(85,052,696)</u>	HTG	<u>-</u>	HTG	<u>(84,417,249)</u>	HTG	<u>(635,447)</u>

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

	<u>CONSOLIDATED</u>		<u>RECLASSIFICATIONS & ELIMINATIONS</u>		<u>SEVIS FINANSYÉ FONKOZE SA</u>		<u>FONKOZE SA</u>	
INTEREST INCOME								
Loans	HTG	62,954,102	HTG	(828,041)	HTG	62,064,972	HTG	1,717,171
Other		<u>4,036,292</u>		<u>-</u>		<u>3,194,136</u>		<u>842,156</u>
TOTAL INTEREST INCOME		66,990,394		(828,041)		65,259,108		2,559,327
INTEREST EXPENSE								
Deposits and debt		<u>4,940,166</u>		<u>(828,041)</u>		<u>3,567,996</u>		<u>2,200,211</u>
NET INTEREST INCOME		62,050,228		-		61,691,112		359,116
Provisions for loan losses		<u>3,791,156</u>		<u>-</u>		<u>3,791,156</u>		<u>-</u>
NET INTEREST INCOME AFTER PROVISIONS FOR LOAN LOSSES		58,259,072		-		57,899,956		359,116
OTHER OPERATING INCOME (EXPENSE)								
Membership dues		1,575,960		-		1,575,960		-
Income from currency exchange		14,400,697		-		14,400,697		-
Income from remittance services		1,760,252		-		1,760,252		-
Gain (loss) due to revaluation		(15,702,020)		-		(15,702,020)		-
Gain (loss) on investments		(1,541,933)		-		(1,541,933)		-
Other		<u>4,525,396</u>		<u>-</u>		<u>4,525,396</u>		<u>-</u>
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		<u>24,447,694</u>		<u>-</u>		<u>24,433,593</u>		<u>14,101</u>
TOTAL OPERATING EXPENSE		<u>93,154,139</u>		<u>-</u>		<u>92,766,205</u>		<u>387,934</u>
NET LOSS FROM OPERATIONS BEFORE INCOME TAX		(29,876,715)		-		(29,847,897)		(28,818)
PROVISION FOR INCOME TAX		<u>1,022,236</u>		<u>-</u>		<u>1,008,600</u>		<u>13,636</u>
NET LOSS FROM OPERATIONS		(28,854,479)		-		(28,839,297)		(15,182)
NET INCOME (EXPENSE)								
Gain (loss) on revaluation of assets		<u>(6,281,476)</u>		<u>-</u>		<u>-</u>		<u>(6,281,476)</u>
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		<u>(46,847)</u>		<u>-</u>		<u>-</u>		<u>(46,847)</u>
RETAINED EARNINGS (DEFICIT) AT END OF YEAR	HTG	<u><u>(53,704,444)</u></u>	HTG	<u><u>-</u></u>	HTG	<u><u>(47,108,824)</u></u>	HTG	<u><u>(6,595,620)</u></u>

FONKOZE SA AND SUBSIDIARY
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2006

ASSETS								
		<u>CONSOLIDATED</u>		<u>RECLASSIFICATIONS & ELIMINATIONS</u>		<u>SEVIS FINANSYÉ FONKOZE SA</u>		<u>FONKOZE SA</u>
CASH AND CASH EQUIVALENTS	USD	1,062,363	USD	-	USD	821,712	USD	240,651
INVESTMENTS		391,200		(1,088,927)		391,200		1,088,927
ACCOUNTS RECEIVABLE		752,330		(890,553)		408,647		1,234,236
LOANS		4,824,057		-		4,824,057		-
Less allowance for loan losses		(235,288)		-		(235,288)		-
Net loans		<u>4,588,769</u>		-		<u>4,588,769</u>		-
FIXED ASSETS		2,184,579		-		2,184,579		-
Accumulated depreciation		(1,129,986)		-		(1,129,986)		-
Fixed assets, net		<u>1,054,593</u>		-		<u>1,054,593</u>		-
OTHER ASSETS		<u>579,110</u>		-		<u>490,003</u>		<u>89,107</u>
TOTAL ASSETS	USD	<u>8,428,365</u>	USD	<u>(1,979,480)</u>	USD	<u>7,754,924</u>	USD	<u>2,652,921</u>
LIABILITIES AND SHAREHOLDERS' EQUITY								
BANK OVERDRAFTS	USD	905,232	USD	-	USD	905,232	USD	-
DEPOSITS		7,010,893		-		7,010,893		-
NOTES PAYABLE								
Long-term subordinated notes		1,312,350		-		-		1,312,350
OTHER LIABILITIES		<u>112,220</u>		<u>(890,553)</u>		<u>998,272</u>		<u>4,501</u>
TOTAL LIABILITIES		9,340,695		(890,553)		8,914,397		1,316,851
SHAREHOLDERS' EQUITY								
Capital stock		1,340,515		(697,086)		697,279		1,340,322
Additional paid in capital		105		(379,189)		379,294		-
Valuation difference		-		(12,652)		-		12,652
Retained earnings (deficit)		(2,262,557)		-		(2,245,653)		(16,904)
Accumulated other comprehensive loss		<u>9,607</u>		-		<u>9,607</u>		-
TOTAL SHAREHOLDERS' EQUITY		<u>(912,330)</u>		<u>(1,088,927)</u>		<u>(1,159,473)</u>		<u>1,336,070</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	USD	<u>8,428,365</u>	USD	<u>(1,979,480)</u>	USD	<u>7,754,924</u>	USD	<u>2,652,921</u>

FONKOZE SA AND SUBSIDIARY
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2005

ASSETS								
		<u>CONSOLIDATED</u>		<u>RECLASSIFICATIONS & 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>962,973</u>		<u>(529,114)</u>		<u>1,422,229</u>		<u>139,284</u>
TOTAL LIABILITIES		8,404,105		(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)		(179,506)		-		(1,095,546)		(153,386)
Accumulated other comprehensive loss		<u>(41,547)</u>		-		<u>(41,547)</u>		-
TOTAL SHAREHOLDERS' EQUITY		<u>(181,418)</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>