

FINCA AZERBAIJAN

Independent Auditors' Report

Financial Statements

For The Years Ended 31 August 2004
and 2003

FINCA AZERBAIJAN

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INDEPENDENT AUDITORS' REPORT

To the Founders of FINCA Azerbaijan and FINCA International, Inc.:

We have audited the accompanying statements of financial position of FINCA Azerbaijan (the "Organization") as of 31 August 2004 and 2003, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 financial statements present fairly, in all material respects, the financial position of FINCA Azerbaijan as of 31 August 2004 and 2003, and the results of its activities and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



31 January 2005

FINCA AZERBAIJAN

STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2004 and 2003 (in US Dollars)

	Notes	2004	2003
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	3	535,160	419,478
Investments with FINCA Inc.	4	-	120,260
Loans to customers, net	5	2,977,001	1,007,387
Grant support receivable	4	390,052	131,164
Prepaid expenses and other assets		<u>27,522</u>	<u>18,159</u>
Total current assets		<u>3,929,735</u>	<u>1,696,448</u>
NON-CURRENT ASSETS:			
Property, plant and equipment, net	7	<u>50,217</u>	<u>34,659</u>
TOTAL ASSETS		<u>3,979,952</u>	<u>1,731,107</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accrued expenses and other payables	8	210,940	44,850
Short-term loan from SFDI	9	295,570	235,945
Short-term loan from FINCA Inc.	4	126,143	-
Income tax payable	10	<u>17,684</u>	<u>-</u>
Total current liabilities		<u>650,337</u>	<u>280,795</u>
TOTAL LIABILITIES		<u>650,337</u>	<u>280,795</u>
NET ASSETS:			
Unrestricted		<u>3,329,615</u>	<u>1,450,312</u>
Total net assets		<u>3,329,615</u>	<u>1,450,312</u>
TOTAL LIABILITIES AND NET ASSETS		<u>3,979,952</u>	<u>1,731,107</u>

On behalf of the Management

Country Director

Chief Accountant

The notes on pages 6 to 12 form an integral part of these financial statements. The Independent Auditors' Report is presented on page 1.

FINCA AZERBAIJAN

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED 31 AUGUST 2004 and 2003 (in US Dollars)

	Notes	2004	2003
CHANGES IN UNRESTRICTED NET ASSETS:			
REVENUES:			
Interest income		1,161,769	531,467
Affiliation fee income	4	113,412	46,485
Foreign exchange gain, net		3,107	-
Other income		12,190	1,291
Total revenues		<u>1,290,478</u>	<u>579,243</u>
NET ASSETS RELEASED FROM RESTRICTIONS:			
Satisfaction of program restrictions	4	<u>2,002,258</u>	<u>581,299</u>
Total net assets released from restrictions		<u>2,002,258</u>	<u>581,299</u>
TOTAL UNRESTRICTED REVENUES AND OTHER SUPPORT		<u>3,292,736</u>	<u>1,160,542</u>
EXPENSES:			
Program services (direct)		(312,460)	(136,827)
General and administrative (indirect)		<u>(1,100,973)</u>	<u>(702,390)</u>
Total expenses		<u>(1,413,433)</u>	<u>(839,217)</u>
INCREASE IN UNRESTRICTED NET ASSETS		<u>1,879,303</u>	<u>321,325</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:			
Contributions	4	2,002,258	581,299
Net assets released from restrictions:			
Satisfaction of program restrictions	4	<u>(2,002,258)</u>	<u>(581,299)</u>
Change in temporarily restricted net assets	4	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS		<u>1,879,303</u>	<u>321,325</u>
NET ASSETS, BEGINNING OF YEAR		<u>1,450,312</u>	<u>1,128,987</u>
NET ASSETS, END OF YEAR		<u><u>3,329,615</u></u>	<u><u>1,450,312</u></u>

On behalf of the Management

Country Director

Chief Accountant

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FINCA AZERBAIJAN

STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED 31 AUGUST 2004 and 2003 (in US Dollars)

	Notes	2004	2003
DIRECT:			
Loan officers' salaries		145,884	53,561
Employee benefits		125,243	73,779
Provision for loan losses	6	41,333	9,487
Total direct expenses		<u>312,460</u>	<u>136,827</u>
INDIRECT:			
Administrative salaries		288,395	139,517
Affiliation fees to FINCA Inc.	4	171,715	74,832
Management fees to FINCA Inc.	4	107,616	154,493
Travel and per diem		96,827	51,124
Bank charges		92,811	29,530
Rent		71,128	56,120
Office supplies		59,436	26,186
Professional services		40,058	53,680
Communications		32,936	20,609
Training		30,083	4,022
Depreciation		20,081	13,179
Corporate income tax	10	17,684	-
Other taxes		8,958	7,532
Meeting and conference		5,500	9,633
Maintenance		4,487	3,250
Interest expense	4	1,624	-
Administrative services fees to FINCA HUB	4	-	5,398
Foreign exchange loss, net		-	5,187
Miscellaneous		51,634	48,098
Total indirect expenses		<u>1,100,973</u>	<u>702,390</u>
TOTAL EXPENSES		<u><u>1,413,433</u></u>	<u><u>839,217</u></u>

On behalf of the Management

Country Director

Chief Accountant

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FINCA AZERBAIJAN

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 AUGUST 2004 and 2003 (in US Dollars)

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	1,879,303	321,325
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	20,081	13,179
Provision for loan losses	41,333	9,487
Loss on disposal of property, plant and equipment	-	47
Property, plant and equipment received as donation	(11,155)	-
(Increase) in loans	(2,010,947)	(570,838)
(Increase) in grant support receivable	(258,888)	(131,164)
(Increase)/decrease in prepaid expenses and other assets	(9,363)	5,534
Increase/(decrease) in accrued expenses and other payables	166,090	(142,434)
(Decrease) in deferred grant support received but not earned	-	(184,856)
Increase in income tax payable	17,684	-
	<u>17,684</u>	<u>-</u>
Cash flows used in operating activities	<u>(165,862)</u>	<u>(679,720)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease in deposit with FINCA Inc.	120,260	282,225
Purchases of property, plant and equipment	<u>(24,484)</u>	<u>(28,884)</u>
	<u>95,776</u>	<u>253,341</u>
Cash flows provided by investing activities	<u>95,776</u>	<u>253,341</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in short-term loans with SFDI	59,625	117,611
Increase in short-term loans with FINCA Inc.	<u>126,143</u>	<u>-</u>
	<u>185,768</u>	<u>117,611</u>
Cash flows provided by financing activities	<u>185,768</u>	<u>117,611</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>115,682</u>	<u>(308,768)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>419,478</u>	<u>728,246</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u><u>535,160</u></u>	<u><u>419,478</u></u>

On behalf of the Management

Country Director

Chief Accountant

The notes on pages 6 to 12 form an integral part of these financial statements. The Independent Auditors' Report is presented on page 1.

1. BACKGROUND

FINCA International, Inc. (“FINCA Inc.”), a not-for-profit organization, is incorporated in the USA. The purpose of FINCA Inc. is to “Help the poor help themselves”. FINCA Inc. believes that world hunger and poverty cannot be cured simply by food handouts and grants but can be permanently affected by self-help and self-sufficiency of the poor.

FINCA Inc. provides self-help opportunities by establishing community revolving loan funds, or “village banks”, in impoverished communities through affiliated organizations (“affiliates”). The affiliates are typically separate legal entities that enter into affiliate agreements with FINCA Inc. Small loans support investment in individual or community productive micro enterprises.

FINCA Azerbaijan Limited Liability Non-Bank Credit Organization (“the Organization”) is the affiliate of FINCA Inc. in Azerbaijan. Through its regional hub headquartered in Moscow, Russia (“FINCA HUB”), FINCA Inc. carries out Small Enterprise Technical Assistance and Financing Programs in Eastern Europe and Central Asia.

The Organization’s mission is to support the economic and human development of Azeri families trapped in severe poverty. This is accomplished through the creation of Savings and Credit Groups – associations of several individual members who receive the following services: working capital loans to finance self-employment activities and a mutual support system that encourages self-worth and personal development.

The Organization was established in April 1998 and started its operations in June 1998. Until 25 November 2000 it was registered as a representative office of FINCA Inc. in Azerbaijan (“the representative office”). Starting from the aforementioned date, the Organization was re-registered and obtained the status of a legal entity. The Organization was reregistered to comply with the regulations of the National Bank of Azerbaijan, in accordance with which only legal entities can perform lending activities on the territory of Azerbaijan. The new entity obtained a license for lending activities from the National Bank of Azerbaijan on 9 November 2000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements have been prepared, in all material respects, in accordance with accounting principles that are generally accepted in the United States of America (“US GAAP”) under the historical cost convention.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Grants and Grant Support – Under the Grant Agreements with the United States Agency for International Development (“USAID”), BP Exploration (Shah Deniz) Limited (“BP”), Baku-Tbilisi-Ceyhan Pipeline Company (“BTC”), the International Rescue Committee (“IRC”), and Deutsche Gesellschaft für Technische Zusammenarbeit (“GTZ”) FINCA Inc. advances donated funds to the Organization. The Organization records each advance as unearned grant support when received. When an allowable expenditure or a disbursement of a new loan to a borrower is made, the corresponding amount is debited to unearned grant support and recognized as grant revenue.

Loans to Customers – Loans are stated at the outstanding principal balance less specific and general provisions for loan losses. The Organization estimates provisions for loan losses every month to maintain an adequate allowance for doubtful loans.

The allowance for loan losses is determined by applying specific percentages to aged loans, grouped by lateness of payments. As of 31 August 2004 and 2003, the percentages were as follows:

Current	2%
1-30 days late	10%
31-60 days late	25%
61-90 days late	50%
91-180 days late	75%
more than 180 days late	100%

On a monthly basis the Organization reviews all overdue loans and writes off, on a case-by-case basis, those that have no realistic prospects of recovery. All loans which are overdue for more than 180 days are usually written off on a monthly basis. Write-offs are taken out of the outstanding loan portfolio and deducted from the allowance for loan loss.

Property, Plant and Equipment – Property, plant and equipment is carried at cost less accumulated depreciation. Depreciation begins in the month following the month of purchase and is calculated using the straight-line method over the following estimated useful lives:

Leasehold improvements	Term of lease
Computer equipment and software	3 years
Office furniture	5 years
Vehicles	5 years
Office equipment	5 years

When assets are retired, or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. The cost of maintenance and repairs is charged to the statement of activities as incurred. Significant renewals and betterments that extend the assets' estimated useful lives are capitalized.

Grant Contributions Unrestricted and Temporarily Restricted – The Organization received temporarily restricted contributions from USAID, BP, BTC, IRC, and GTZ to cover its eligible operating expenditures and recognized these contributions as revenue as the related expenditures were incurred.

The Organization also received temporarily restricted contributions from USAID, BP, BTC, IRC, and GTZ to lend those funds to its customers. The funds remained temporarily restricted until they were lent to the customers who were eligible borrowers under grant agreements, at which time the funds are considered to be released from temporary restrictions and are recognized as a part of net increase in unrestricted net assets in the statement of activities.

Income and Expenses Recognition – Income and expenses are recognized on the accrual basis.

Cash and Cash Equivalents – Cash and cash equivalents include cash on hand, cash in bank, and short-term, highly liquid investments with original maturities of three months or less.

Translation of Foreign Currency – The reporting currency is the US dollar (“USD”). The books and records of the Organization are maintained in USD, although a significant volume of operations (e.g., loan granting and repayments, receipt of interest, payment of operating expenses) are processed in Azeri Manat (“AZM”).

The translation of the results of transactions denominated in AZM is made in accordance with SFAS 52 “Foreign Currency Translation”. Exchange rates used are the official rates of the National Bank of

Azerbaijan, which approximate the market rates. The monthly average USD/AZM exchange rates are used for translation of revenues and expenses, historical USD/AZM exchange rates are used for the translation of the purchased non-monetary assets and period end rates are used for the translation of monetary assets and liabilities outstanding at the period end. Gains and losses originated on such translation are included in the statement of activities.

The exchange rates as of 31 August 2004 and 2003 were AZM 4,902 and AZM 4,913 to USD 1, respectively. The average AZM/USD exchange rates for the years ended 31 August 2004 and 2003 were 4,917 and 4,905 respectively.

The translation of AZM denominated assets and liabilities into USD as of 31 August 2004 and 2003 does not indicate that the Organization could realize, or settle in USD, the translated value of these assets and liabilities.

Property, Plant and Equipment received as donations – Such gifts are reported as unrestricted support in the absence of donor-imposed restrictions on the use of the assets.

Change in the manner of presenting comparative figures – The statements of activities were expanded in order to disclose more detailed information to the users of the Organization’s financial statements, payroll-related taxes payable by employees were added to the salaries and benefits amounts in the prior year statement of functional expenses so that employees’ remuneration is shown gross rather than net in both years, and certain amounts in the prior year statement of functional expenses were reclassified for enhanced comparability with current year figures.

3. CASH AND CASH EQUIVALENTS

	2004	2003
Cash on hand	29,078	29,547
Cash in banks	<u>505,372</u>	<u>333,611</u>
Total unrestricted cash	534,450	363,158
Restricted cash in bank	<u>710</u>	<u>56,320</u>
Cash and cash equivalents	<u>535,160</u>	<u>419,478</u>

Restricted cash represents cash received by the Organization under the loan agreement with the Social Fund for the Development of Internally Displaced People (“SFDI”). Under this agreement, cash should be used only for the purposes determined under the provision of the agreement (please see Note 9).

4. RELATED PARTY TRANSACTIONS

The related parties of the Organization include key management of the Organization, FINCA Inc. and other companies of the FINCA Inc. group (i.e. FINCA HUB and all affiliates).

During 2004 and 2003 the Organization received grant support from USAID, BP, BTC, IRC and GTZ through FINCA Inc. Total revenue derived from this grant support received to cover the current expenditures was USD 547,914 and USD 495,368 for 2004 and 2003, respectively. During 2004 and 2003 the Organization received temporarily restricted contributions from USAID, BP, BTC, IRC, and GTZ to lend those funds to its customers in the amount of USD 1,454,344 and USD 85,931, respectively. All these contributions were released from the temporary restrictions and recognized as revenue during 2004 and 2003.

As of 31 August 2004 and 2003 the Organization had grant support earned but not received from FINCA Inc. of USD 390,052 and USD 131,164, respectively.

During 2004 and 2003 the customers of the Organization were charged an affiliation fee based on the loan amount upon the issue of new loans. During 2004 and 2003 the Organization received affiliation fees from its customers on behalf of FINCA Inc. in the amounts of USD 113,412 and USD 46,485, respectively. During 2004 and 2003 the Organization was charged an affiliation fee by FINCA Inc. in the amounts of USD 171,715 and USD 74,832, respectively. The affiliation fee is calculated as a percentage (currently 2%) of the Organization's loan disbursements.

During 2003 the Organization received administrative services from FINCA Inc. through FINCA HUB. The amount of such services was USD 5,398. During 2004 and 2003 the Organization received management services from FINCA Inc. The amounts of such services were USD 107,616 and USD 154,493, respectively.

During 2004 the Organization incurred interest expense on a loan from FINCA Inc. in the amount of USD 1,624.

The Organization had a 0.87% demand deposit receivable from FINCA Inc. of USD 120,260 as of 31 August 2003. As of 31 August 2004 the Organization had a short-term loan payable to FINCA Inc. of USD 126,143 with an interest rate of 4.5% per annum and maturing on 30 November 2004.

As of 31 August 2004 and 2003 the Organization had liabilities for affiliation fees payable to FINCA Inc. of USD 105,543 and USD 37, respectively. As of 31 August 2004 and 2003 the Organization had other liabilities to FINCA Inc. (for management fees payable to FINCA Inc. and for expenses paid by FINCA Inc. on behalf of the Organization) in the amounts of USD 52,596 and USD 13,047, respectively. As of 31 August 2004 the Organization had accrued interest payable on a loan from FINCA Inc. in the amount of USD 1,624.

Settlements between the Organization and FINCA Inc. are normally made in the manner of decreases and increases of the amount of funds held by the Organization with FINCA Inc. (although sometimes direct wire transfers of funds via banks are used) and on the terms agreed with FINCA Inc.

5. LOANS TO CUSTOMERS, NET

Loans to customers are made within Azerbaijan, in the cities of Baku, Imishli, Massali, Gandja, and in rural areas. Most loans outstanding as of 31 August 2004 and 2003 were granted to groups of small entrepreneurs, and some of them were granted to individuals. The loan life for group loans is standardized and ranges from 16 to 52 weeks. The principal and interest amounts for group loans are redeemable weekly, bi-weekly or monthly by equal installments. Interest on group loans is charged on the basis of the original principal amount granted irrespective of repayment of the principal amount. The loan life for individual loans ranges from 16 to 104 weeks. The principal and interest amounts for individual loans are redeemable weekly, bi-weekly or monthly. Interest on individual loans is normally charged on the remaining principal amount, i.e. on a declining basis.

	2004	2003
Loans to customers	3,043,475	1,030,300
Provision for loan losses (Note 6)	<u>(66,474)</u>	<u>(22,913)</u>
Loans to customers, net	<u>2,977,001</u>	<u>1,007,387</u>

Ageing analysis of the loans is as follows:

	2004	2003
Current and overdue less than one month	3,035,807	1,029,005
Overdue for 1-3 months	1,174	863
Overdue for 3-6 months	6,494	169
Overdue more than 6 months	<u>-</u>	<u>263</u>
Loans to customers	<u>3,043,475</u>	<u>1,030,300</u>

6. PROVISION FOR LOAN LOSSES

The movements in the provision for loans to customers are as follows:

31 August 2002	9,103
Additional provision	9,487
Recovery of written-off amounts	<u>4,323</u>
31 August 2003	22,913
Additional provision	41,333
Foreign exchange loss on revaluation of provision	113
Write-off against provision	(809)
Recovery of written-off amounts	<u>2,924</u>
31 August 2004	<u>66,474</u>

The provision for loans to customers is deducted from the related asset.

7. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment consisted of the following as of 31 August 2004 and 2003:

	2004	2003
Computer equipment and software	66,212	49,288
Office equipment	17,430	9,970
Vehicles	10,300	-
Office furniture	4,717	4,046
Leasehold improvements	2,971	2,687
	<hr/>	<hr/>
Total	101,630	65,991
Less: Accumulated depreciation	(51,413)	(31,332)
	<hr/>	<hr/>
Property, plant and equipment, net	<u>50,217</u>	<u>34,659</u>

8. ACCRUED EXPENSES AND OTHER PAYABLES

	2004	2003
Accrued affiliation fee payable to FINCA Inc. (Note 4)	105,543	37
Other payables to FINCA Inc. (Note 4)	52,596	13,047
Salaries and bonuses payable	26,096	15,766
Other taxes payable	15,481	-
Audit fee payable	9,600	16,000
Interest payable (Note 4)	1,624	-
	<hr/>	<hr/>
Accrued expenses and other payables	<u>210,940</u>	<u>44,850</u>

9. SHORT-TERM LOAN FROM THE SOCIAL FUND FOR THE DEVELOPMENT OF INTERNALLY DISPLACED PEOPLE

On 10 May 2002 the Organization entered into a loan agreement with the Social Fund for the Development of Internally Displaced People ("SFDI"). Under this loan agreement the Organization is to obtain a loan on an interest-free basis for a period of up to two years. The funds received should be used specifically for the purpose of disbursement of micro-loans to customers, not less than 80% of whom should be refugees (called "internally displaced people"). As of 31 August 2004 and 2003 the principal balance was the AZM equivalent of USD 295,570 and USD 235,945, respectively.

10. INCOME TAX

Income tax of USD 17,684 represents the most probable estimation of the corporate income tax as a result of the economic activity of the Organization during the year ended 31 August 2004 made by the Organization's management based on all applicable revenues and expenses and the currently enacted statutory rate of corporate income tax of 24%.

As of 31 August 2004 and 2003 the Organization did not have any significant temporary differences between the carrying and tax values of its assets and liabilities, and, therefore, there are no material deferred tax assets or liabilities as of these dates. Therefore, the total corporate income tax expense is fully represented by the current portion of corporate income tax.

11. COMMITMENTS AND CONTINGENCIES

Operating Environment – Over recent years, Azerbaijan has undergone substantial political and economic changes. As an emerging market, Azerbaijan does not possess a well-developed commercial infrastructure, which generally exists in more mature business markets. Laws and regulations affecting businesses operating within the country, as well as throughout the Commonwealth of Independent States (“CIS”), are subject to rapid change. In addition, continued economic stability is dependent to a large extent on the effectiveness of fiscal measures taken by the government, decisions of international lending organizations, and other actions beyond the Organization’s control.

Although recently there have been positive economic signs in Azerbaijan, the long-term prospects for the Azeri economy remain uncertain. As a result, the Organization’s assets and operations could be at risk if there are any adverse changes in the political and business environment.

Taxation and Other Statutory Regulations – In accordance with the Agreement between the Government of the United States of America and the Government of the Republic of Azerbaijan Regarding Cooperation to Facilitate the Provision of Assistance signed on 11 May 2000 the Organization is defined as an operator responsible for the implementation of U.S. Government assistance programs and is not liable for income tax, value added tax or any other taxes derived from any activities related to grants received from the U.S. Government with the only exception for social and pension contributions paid for the local employees.

Azeri tax authorities are increasingly directing their attention to the business community as a result of the overall economic environment. In respect of this, the local and national tax environments in Azerbaijan are constantly changing and subject to inconsistent application, interpretation and enforcement. Non-compliance with Azeri laws and regulations can lead to the imposition of severe penalties and interest. Future tax examinations could assess additional taxes, penalties and interest, and these amounts could be material.

The Organization believes it has complied with all applicable regulations and requirements. However, since the regulations are not always clearly written, it is difficult to predict future interpretations by regulatory authorities, and outcomes of such interpretations. The management of the Organization considers the probability of any future sanctions being undertaken by local authorities against the Organization remote, and believes that no fines or penalties will become payable.

Lease Obligations – As at 31 August 2004 the Organization had outstanding commitments under operating leases. Most of the lease agreements are concluded for 12 months and can be terminated before the expiration date by either party (upon fifteen days written notice). All rental payments are fixed until the expiration of the leases. There are no specific lease renewal clauses.

Future minimum lease payments under the lease contracts in effect as at 31 August 2004 are as follows:

Year ending 31 August 2005

USD 35,852

12. PENSIONS AND RETIREMENT PLANS

The employees of the Organization received benefits from the Azeri government in accordance with the laws and regulations of Azerbaijan. As at 31 August 2004 and 2003 the Organization was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.