

Auditor's Opinion

We have audited the accompanying financial statements of Non-Government Organization Micro Development Fund, Belgrade, comprising of the Balance Sheet as of December 31, 2005 and the Income Statement for the year then ended.

The financial statements were prepared in accordance with Disclosure Guidelines for Financial Reporting by Microfinance Institutions issued by the Consultative Group to Assist the Poorest (CGAP). In accordance with these guidelines the annual Financial Statements were prepared on a cash basis. Under this convention, transactions are recognized when cash is received or paid, not when they occurred.

These financial statements set out on pages 2 to 3 are the responsibility of the Non-Government Organization Micro Development Fund Management. Our responsibility is to express an opinion on these financial statements based on our audit.

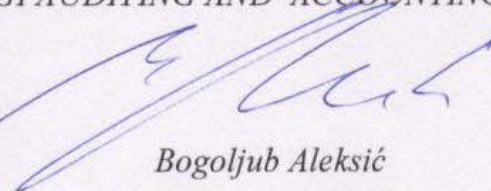
We conducted our audit in accordance with International Standards on Auditing issued by International Federation of Accountants and instructions contained in a Handbook for External Audits of Microfinance Institutions issued by the Consultative Group to Assist the Poorest (CGAP). International Standards on Auditing require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, the evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management of Micro Development Fund, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion

*In our opinion, the financial statements give **true** and **fair** view of the state of Non-Government Organization Micro Development Fund's affairs as of December 31, 2005 and of its results for the year then ended in accordance with Disclosure Guidelines for Financial Reporting by Microfinance Institutions issued by the Consultative Group to Assist the Poorest (CGAP).*

Belgrade, March 10, 2006

"MGI AUDITING AND ACCOUNTING"




Bogoljub Aleksić
Managing Director