

**MIKROKREDITNA ORGANIZACIJA
ŽENE ZA ŽENE INTERNATIONAL
SARAJEVO**

Financial statements for the year
ended 31 December 2007
prepared in accordance with
International Financial Reporting Standards
as modified by the regulatory requirements
of Banking Agency of Federation of
Bosnia and Herzegovina and
Independent Auditors' Report

Contents

	<i>Page</i>
Responsibility for Financial Statements	1
Independent auditors' report	2 - 3
Income statement	4
Balance sheet	5
Statement of cash flows	6
Statement of changes in net assets	7
Notes to the financial statements	8 – 31

Responsibility for Financial Statements

Management is responsible for ensuring that financial statements are prepared for each financial year in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) as modified by the regulatory requirements prescribed by the Banking Agency of Federation of Bosnia and Herzegovina which give a true and fair view of the state of affairs and results of the Organisation for that period.

After making enquiries, Management has a reasonable expectation that the Organization has adequate resources to continue in operational existence for the foreseeable future. For this reason, Management continues to adopt the going concern basis in preparing the financial statements.

In preparing those financial statements, the responsibilities of the Management include ensuring that:

- suitable accounting policies are selected and then applied consistently;
- judgments and estimates are reasonable and prudent;
- applicable accounting standards are followed, subject to any material departures disclosed and explained in the financial statements; and
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Organisation will continue in business.

Management is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Micro Credit organization. Management must also ensure that the financial statements comply with the Accounting and Auditing Law of Bosnia and Herzegovina. Management is also responsible for safeguarding the assets of the Organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of Management

Seida Sarić, Director

Mikro kreditna organizacija Žene za Žene International Sarajevo

Džemala Bijedića do broja 130

71 000 Sarajevo

Bosnia and Herzegovina

7 March 2008

Independent Auditors' Report

To the Board of Directors of Mikrokreditna organizacija Žene za Žene International Sarajevo:

We have audited the accompanying financial statements of MKO Žene za Žene International Sarajevo (the "Organization") set out on pages 4 to 31, which comprise the balance sheet as of 31 December 2007 and the related statement of income, statement of changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as modified by the regulatory requirements prescribed by the Banking Agency of Federation of Bosnia and Herzegovina. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organisation as at 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by the regulatory requirements prescribed by the Banking Agency of Federation of Bosnia and Herzegovina.

A handwritten signature in blue ink that reads "Deloitte".

Deloitte d.o.o.

Sarajevo, Bosnia and Herzegovina

7 March 2008

Mikrokreditna organizacija Žene za Žene International Sarajevo
 Income statement
 for the year ended 31 December 2007
 (all amounts are expressed in KM)

	Note	2007	2006
Interest and fee income	5	2,620,612	1,763,516
Interest and fee expense	6	<u>(393,938)</u>	<u>(198,541)</u>
Net interest and fee income		2,226,674	1,564,975
Operating expense	7	(1,516,275)	(1,070,612)
Other operating income		61,814	23,123
Other operating expense		<u>(15,187)</u>	<u>(287)</u>
Net operating expenses		<u>(1,469,648)</u>	<u>(1,047,776)</u>
Foreign exchange (loss) gain, net		<u>(345)</u>	<u>18,686</u>
NET INCOME BEFORE PROVISIONS FOR LOAN IMPAIRMENT		756,681	535,885
Provisions for loan impairment	10	<u>(231,327)</u>	<u>(209,919)</u>
EXCESS OF INCOME OVER EXPENDITURES (NET RESULT)		<u>525,354</u>	<u>325,966</u>

The accompanying notes form an integral part of these financial statements.

Mikrokreditna organizacija Žene za Žene International Sarajevo
 Balance sheet
 as of 31 December 2007
 (all amounts are expressed in KM)

	Note	2007	2006
ASSETS			
Cash and cash equivalents	8	101,817	588,517
Bank deposits	9	450,000	270,000
Loans to clients	10	11,508,861	6,934,877
Other assets		10,443	6,405
Fixed and intangible assets	11	<u>151,614</u>	<u>136,389</u>
Total assets		<u>12,222,735</u>	<u>7,936,188</u>
LIABILITIES			
Borrowings	12	7,228,432	3,472,487
Subordinated debt	13	152,555	388,964
Deferred income		6,914	9,245
Other liabilities	14	43,731	22,741
Provisions		<u>583</u>	<u>14,518</u>
Total liabilities		<u>7,432,215</u>	<u>3,907,955</u>
NET ASSETS			
Net assets	15	4,265,166	3,290,148
Excess of income over expenditures		<u>525,354</u>	<u>738,085</u>
Total net assets		<u>4,790,520</u>	<u>4,028,233</u>
TOTAL LIABILITIES AND NET ASSETS		<u>12,222,735</u>	<u>7,936,188</u>

The accompanying notes form an integral part of these financial statements.

Signed on behalf of Mikrokreditna organizacija Žene za Žene International on 7 March 2008:

Seida Sarić

Director

Mervana Vražalica

Financial – Administrative
 Manager

Mikrokreditna organizacija Žene za Žene International Sarajevo
Statement of cash flows
for the year ended 31 December 2007
(all amounts are expressed in KM)

	2007	2006
Operating Activities		
Net result	525,354	325,966
<i>Adjustments to reconcile net income to net cash provided by operating activities::</i>		
Depreciation	56,386	49,500
Net increase in provisions for possible loan impairment	52,400	66,560
Gain from sale of property, plant and equipment	(10,792)	(49)
Changes in provisions for employee benefits	(13,935)	14,518
(Decrease) / increase in deferred income	(2,331)	9,245
Foreign exchange translation losses /(gains)	345	(18,685)
<i>Adjustment to reconcile net income to net cash provided by operating activities</i>	<i>607,427</i>	<i>447,055</i>
Net (increase) in loans granted	(4,626,384)	(2,309,431)
Net (increase) in other assets	(4,038)	(2,736)
Net increase in other liabilities	20,990	11,286
NET CASH (USED IN) OPERATING ACTIVITIES	<u>(4,002,005)</u>	<u>(1,853,826)</u>
Investing Activities		
Purchase of property, plant and equipment	(72,780)	(103,020)
Net (increase) in bank deposits	(180,000)	(140,000)
Proceeds from sale of property, plant and equipment	11,961	10,135
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	<u>(240,819)</u>	<u>(232,885)</u>
Financing Activities		
Proceeds from borrowings (net)	3,756,124	2,205,183
Net increase in subsidized loans	-	407,650
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>3,756,124</u>	<u>2,612,833</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	<u>(486,700)</u>	<u>526,122</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>588,517</u>	<u>62,395</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>101,817</u>	<u>588,517</u>

The accompanying notes form an integral part of these financial statements.

Mikrokreditna organizacija Žene za Žene International Sarajevo
 Statement of changes in net assets
 for the year ended 31 December 2007

(all amounts are expressed in KM)

	<u>Net assets</u>	<u>Accumulated excess of income over expenditures</u>	<u>Total</u>
Balance at 31 December 2005 restated	3,290,148	412,119	3,702,267
Net result for the year	-	325,966	325,966
Balance at 31 December 2006	3,290,148	738,085	4,028,233
Capitalization of subordinated debt (Note 13)	236,933	-	236,933
Accumulated excess of income over expenditures (Note 15)	738,085	(738,085)	-
Net result for the year	-	525,354	525,354
Balance at 31 December 2007	4,265,166	525,354	4,790,520

The accompanying notes form an integral part of these financial statements.

Mikrokreditna organizacija Žene za Žene International Sarajevo
Notes to the financial statements
for the year ended 31 December 2007

(all amounts are expressed in KM)

1. GENERAL

Mikrokreditna organizacija Žene za Žene International Sarajevo (the 'Organisation') is a not-for-profit organisation, which commenced its operations in February 2002. In accordance with the Law on Micro Credit Organisations ("Official Gazette of the Federation of Bosnia and Herzegovina" 24/00), the Organisation was registered in the Register of micro credit organisations with the Ministry of Social Affairs, Displaced Persons and Refugees, under the registration number R1M-10/01 on 5 February 2002.

The executive office of the Organisation is in Sarajevo, Džemala Bijedića do broja 130. The principal activity is the implementation of a micro credit programme, primarily for manufacturing, trade, services and agriculture. The target group of clients of the Organisation are women with relatively low level of income, who use micro credits to implement their business ideas for self-financing and self-employment.

In September 2006, a new Law on micro credit organisations were introduced (Official Gazette of the Federation of Bosnia and Herzegovina no. 59/06). According to this law, all micro credit organisations have to transform into a profit organisation, either as a shareholders company or a limited liability company. Within 12 months from introduction of this law, all micro credit organisations have to make decisions on change of their legal status and organisation of micro credit foundation, prepare a statute, appoint bodies, obtain prescribed licenses and submit application for registration with the competent register in accordance with the provisions of this law.

On 17 September 2007, the Banking Agency of Federation of Bosnia and Herzegovina ("FBA") issued a license No. 07-1513-1/07 to the Organisation. In accordance with the Law on micro credit organizations, the Organisation submitted a request with the Ministry of Justice of the Federation of Bosnia and Herzegovina for the registration of micro credit foundation, and the process is currently underway.

Bodies of the Organisation

Board of Directors:

Ekrem Gacić	President, up to 28 May 2007
Farida Mušanović	President, from 6 June 2007
Vesna Vukmanić	Vice president, up to 28 May 2007
Ismeta Čardaković	Vice president, from 6 June 2007
Sabit Bašić	Member, up to 28 May 2007
Farida Mušanović	Member, up to 28 May 2007
Kasim Mujan	Member, up to 28 May 2007

Mikrokreditna organizacija Žene za Žene International Sarajevo
Notes to the financial statements
for the year ended 31 December 2007

(all amounts are expressed in KM)

1. GENERAL (CONTINUED)

Bodies of the Organisation (Continued)

Management:

Seida Sarić	Director
Dženita Kičić	Operational Manager till 15 April 2008
Sadžida Sarajlić	Financial manager till 10 July 2008
Mervana Vražalica	Financial manager from 1 August 2008
Aiša Šaćić	South region manager
Almedina Avdaković	North region manager
Alma Budaković	Administrative and human resource manager, since 1 June 2008
Senija Fržina	Supervisor of loan operations

The Organisation operates through offices:

South Region

Sarajevo	Džemala Bijedića do broja 130
Zenica	Mokušnice 1

North Region

Gračanica	Gradski pasaž bb
Derventa	Kralja Petra I bb
Živinice	Prva ulica bb

Performance Indicators

Efficiency Ratios	2007	2006
Active clients / Number of staff	178	153
Active clients / Number of loan officers	272	236
Net outstanding portfolio / Number of loan officers	338,496	247,937
Percentage total operating expenses / Average net portfolio	16.44%	18.40%
Financial Ratios	2007	2006
Return on assets: Net operating income / total assets	5.21%	5.04%
Return on equity: Net operating income / total equity	11.91%	8.43%
Yield on portfolio: Interest and fee income / average net portfolio outstanding	28.48%	30.30%

Mikrokreditna organizacija Žene za Žene International Sarajevo
Notes to the financial statements
for the year ended 31 December 2007

(all amounts are expressed in KM)

2. ADOPTION OF NEW AND REVISED STANDARDS

In the current year, the Organisation has adopted IFRS 7 Financial Instruments: Disclosures which is effective for annual reporting periods beginning on or after 1 January 2007, and the consequential amendments to IAS 1 Presentation of Financial Statements.

The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the Organisation's financial instruments and management of capital (see note 20).

Four Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are: IFRIC 7 Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies; IFRIC 8 Scope of IFRS 2; IFRIC 9 Reassessment of Embedded Derivatives; and IFRIC 10 Interim Financial Reporting and Impairment. The adoption of these Interpretations has not led to any changes in the Organisation's accounting policies.

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- | | |
|---|--|
| a) IFRS 8 <i>Operating Segments</i> | Effective for annual periods beginning on or after 1 January 2009 |
| b) IFRS 23 <i>Borrowing costs (revised)</i> | Effective for borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after 1 January 2009 |
| c) IFRIC 11 <i>IFRS 2: Group and Treasury Share Transactions</i> | Effective for annual periods beginning on or after 1 March 2007 |
| d) IFRIC 12 <i>Service Concession Arrangements</i> | Effective for annual periods beginning on or after 1 January 2008 |
| e) IFRIC 13 <i>Customer Loyalty Programs</i> | Effective for annual periods beginning on or after 1 July 2008 |
| f) IFRIC 14 <i>IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i> | Effective for annual periods beginning on or after 1 January 2008 |

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Organisation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

As required by local legislation, the Organisation prepares financial statements in accordance with International Financial Reporting Standards (IFRSs) as published by the International Accounting Standards Board and as modified by the regulatory requirements prescribed by the Banking Agency of Federation of Bosnia and Herzegovina with respect to the calculation of provision for impairment of financial instruments based on matrix system, which is namely based on number of days overdue. This is not in accordance with International Accounting Standard 39 'Financial Instruments: Recognition and Measurement', which requires assessment at each balance sheet date as to whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss should be measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

Basis of presentation

The financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments. The principal accounting policies are set out below. The financial statements are presented in Convertible mark (KM) which is the functional currency of the Organisation. The financial statements are prepared on an accrual basis of accounting, under the going concern assumption.

The Organisation maintains its books of accounts and prepares financial statements for regulatory purposes in accordance with the regulations of the Banking Agency of Federation of Bosnia and Herzegovina and Law on micro credit organizations of Federation of Bosnia and Herzegovina (Official Gazette No. 59/06).

Certain amounts in the previously issued financial statements have been reclassified to conform to 31 December 2007 presentation in accordance with IFRS 7 "Financial Instruments: Disclosures".

Interest income and expense

Interest income and expense are recognised in the income statement for all interest bearing instruments on an accrual basis using the effective yield method. Interest income accrued using anticipative method is being deferred. Penalty interest is accounted for on a cash basis.

Mikrokreditna organizacija Žene za Žene International Sarajevo
Notes to the financial statements
for the year ended 31 December 2007
(all amounts are expressed in KM)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fee expense

Loan origination fees, after approval and drawdown of loans, are deferred (together with related direct costs) and recognized as an adjustment to the effective yield of the loan over its life. Fees for payment transactions are recognized in the period when services are rendered.

Employee benefits

On behalf of its employees, the Organisation pays pension and health insurance on and from salaries, which are calculated on the gross salary paid, as well as taxes, which are calculated on the net salary paid. The Organisation is paying the above contributions into the Pension and Health Fund of Federation of Bosnia and Herzegovina and Republic of Srpska, as per the set legal rates during the course of the year on the gross salary paid. In addition, meal allowances and vacation bonuses are paid in accordance with the local legislation. These expenses are recorded in the income statement in the period in which the salary expense is incurred.

Retirement severance payments

According to the local legislation and internal Rulebook on employment, the Organisation makes retirement severance payments in amount of 3 average monthly salaries paid in the Federation of Bosnia and Herzegovina in the preceding months.

The Organization records severance payments expenses at the moment of their maturity.

Taxation

The Organisation is not subject to income tax because it is defined as a non-profit organisation in accordance with the Law on Microcredit Organizations ("Official Gazette of Federation of Bosnia and Herzegovina" 24/00 and 59/06).

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes the purchase price and directly associated cost of bringing the asset to a working condition for its intended use. Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. Significant improvements and replacement of assets are capitalised. Gains or losses on the retirement or disposal of property and equipment are included in the statement of income in the period in which they occur.

Properties in the course of construction are carried at cost, less impairment loss, if any. Depreciation commences when the assets are ready for their intended use. Depreciation is calculated on a straight-line basis over the estimated useful life of the applicable assets, which are as follows:

	2007	2006
Computers	33.33%	33.33%
Equipment and vehicles	20.00%	20.00%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents include cash on hand and the Organization's accounts with banks.

Impairment

At each balance sheet date, the Organization reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

Financial assets

Financial assets are recognized and derecognized on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the instrument within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'available-for-sale' (AFS), 'held-to-maturity investments', and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. For current operations, the Organisation uses one category of financial assets, for which basis of accounting is disclosed below.

Method of effective interest rate

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Loans and receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of financial assets impairment include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it is becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Management makes allowance for loan impairment every month in order to maintain an adequate allowance for impaired loans. The allowance for loan impairment is determined by applying predicted loss percentages to aged loans, grouped by the number of days overdue. A loan becomes overdue as soon as a scheduled instalment is missed. The applied matrix until 2006 can be presented as follows:

- for loans not overdue provisions are 1% of loan receivable outstanding,
- for loans from 1-30 days overdue provisions are 5% of loan receivable outstanding,
- for loans from 31 - 60 days overdue provision are 20% of loan receivable outstanding,
- for loans from 61-90 days overdue provisions are 40% of loan receivable outstanding,
- for loans from 91-120 days overdue provisions are 60% of loan receivable outstanding and
- for loans more than 121-150 days overdue provisions are 80% of loan receivable outstanding.
- over 151 days loan receivable outstanding is written off.

In 2007, the Organisation has used following matrix for the determination of the allowances for loan impairment:

- for loans from 1-15 days overdue provisions are 2% of loan receivable outstanding,
- for loans from 16 - 30 days overdue provision are 15% of loan receivable outstanding,
- for loans from 31-60 days overdue provisions are 50% of loan receivable outstanding,
- for loans from 61-90 days overdue provisions are 80% of loan receivable outstanding,
- for loans from 91 -180 days overdue provisions are 100% of loan receivable outstanding and
- over 181 days loan receivable outstanding is fully written off.

Had the Organisation in 2007 used the old matrix for impairment of loan receivables, the net result for the year would have been lower by KM 57,391.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loan receivables, where the carrying amount is reduced through the use of an allowance account. When a loan receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Derecognition of financial assets

The Organisation derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Organisation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Organisation continues to recognise the financial asset.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. The Organisation creates one category of financial liabilities, for which basis of accounting is disclosed below.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Organisation derecognises financial liabilities when, and only when, the Organisation's obligations are discharged, cancelled or they expire.

Foreign currencies

Transactions in currencies other than KM are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Profits and losses arising on translation are included in the statement of income for the period.

The Organisation values its assets and liabilities by middle rate of Central Bank of Bosnia and Herzegovina valid at the date of balance sheet.

The Organisation has assets and liabilities originated in KM, which are linked to foreign currency with one-way currency clause. Due to this clause the Organisation has an option to revalue the asset by higher of: foreign exchange rate valid as of the date of maturity, or foreign exchange rate valid as of the date of origination of the financial instrument. In case of liability linked to this clause the counterparty has this option. Due to the specific conditions in Bosnia and Herzegovina (KM is officially pegged to Euro) the fair value of this option can not be calculated as the forward rates for KM are not available.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (Continued)

The Organisation has assets and liabilities originated in KM, which are linked to foreign currency with one-way currency clause. Due to this clause the Organisation has an option to revalue the asset by higher of: foreign exchange rate valid as of the date of maturity, or foreign exchange rate valid as of the date of origination of the financial instrument. In case of liability linked to this clause the counterparty has this option. Due to the specific conditions in Bosnia and Herzegovina (KM is officially pegged to Euro) the fair value of this option can not be calculated as the forward rates for KM are not available.

As such the Organisation values its assets and liabilities related to this clause or by middle rate of Centralna banka Bosne i Hercegovine valid at the date of balance sheet or by applying contracted currency rate of option, i.e. original rate if it's higher.

Provisions

Provisions are recognized when the Organisation has a present obligation as a result of a past event, and it is probable that the Organisation will be required to settle that obligation. Management estimates the provisions based at the best estimate of expenditure to settle the Organisation's obligation. Provisions are discounted to present value where the effect is material.

Donations

Donations are assistance by the Government or other parties in the form of cash transfers to the Organisation. These donations are recognized as income whenever there is a reasonable expectation that the Organisation will comply with the conditions of their use, if applicable.

Net assets

The Organisation's net assets represent surplus of total assets over total liabilities. Surplus arise from excess of income over expenditures and donations. Income over expenditures has to be used for the microcredit operations. If the Organisation ceased to exist, the Board of Directors has to decide on distribution on Organisation's funding.

Mikrokreditna organizacija Žene za Žene International Sarajevo
Notes to the financial statements
for the year ended 31 December 2007
(all amounts are expressed in KM)

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Organisation's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment

As described at Note 3 above, in paragraph with heading property and equipment, the Organisation reviews the estimated useful lives of property and equipment at the end of each annual reporting period.

5. INTEREST AND FEE INCOME

	<u>2007</u>	<u>2006</u>
Interest income on loans to clients	2,610,026	1,754,682
Interest on deposits	3,421	2,347
Other interest	7,165	6,487
	<u>2,620,612</u>	<u>1,763,516</u>

6. INTEREST AND FEE EXPENSE

	<u>2007</u>	<u>2006</u>
Interest expense	382,793	150,483
Fee expense	11,145	48,058
	<u>393,938</u>	<u>198,541</u>

Mikrokreditna organizacija Žene za Žene International Sarajevo
Notes to the financial statements
for the year ended 31 December 2007
(all amounts are expressed in KM)

7. OPERATING EXPENSES

	<u>2007</u>	<u>2006</u>
Payroll	813,539	571,294
Other employee expenses	268,634	189,745
Rent	58,485	28,236
Depreciation	56,386	49,500
Telecommunications	50,203	29,235
Consultant fees	41,006	21,306
Materials	36,949	31,156
Advertising	34,314	25,793
Bank fees and commissions	26,962	17,945
Fuel and energy	29,014	25,580
Insurance	11,094	14,075
Education	9,827	4,066
Maintenance	9,377	10,990
Other expenses	70,485	51,691
	<u>1,516,275</u>	<u>1,070,612</u>

At 31 December 2007 the Organisation employed 53 employees (2006 – 43 employees). Payroll consists of agreed salaries and bonuses. In 2007 average annual gross salary was KM 1,279 (2006 - KM 1,107).

8. CASH AND CASH EQUIVALENTS

	<u>31.12.2007</u>	<u>31.12.2006</u>
Current accounts with banks	97,683	587,725
Cash on hand	4,134	792
	<u>101,817</u>	<u>588,517</u>

Mikrokreditna organizacija Žene za Žene International Sarajevo
Notes to the financial statements
for the year ended 31 December 2007

(all amounts are expressed in KM)

9. BANK DEPOSITS

	Maturity	Interest rate %	31.12.2007	Interest rate %	31.12.2006
UniCredit Zagrebačka Banka d.d. Mostar	15.07.2008	-	120,000	-	80,000
NLB Tuzlanska banka d.d. Tuzla	11.12.2008	-	100,000	-	-
Raiffeisen bank d.d. Sarajevo	10.04.2009	1.50%	70,000	-	-
NLB Tuzlanska banka d.d. Tuzla	13.03.2008	-	60,000	-	40,000
ABS banka d.d. Sarajevo	04.10.2008	-	50,000	-	50,000
Raiffeisen bank d.d. Sarajevo	05.04.2008	1.50%	50,000	1.50%	50,000
Hypo Alpe-Adria Bank dd Mostar	30.04.2007	-	-	-	50,000
			450,000		270,000

Bank deposits have the purpose of loan collateral for the short term revolving loans with the above banks (Note 12).

10. LOANS TO CLIENTS

	31.12.2007	31.12.2006
Type of loans		
“Solidarne grupe”	4,095,804	786,192
“Grupni krediti kroz Centar”	3,252,020	4,364,742
“Poslovni krediti”	1,643,825	1,336,054
„Solidarni par,,	1,127,720	-
“Mikro mikro krediti”	770,262	299,113
“Kredit za osnovne potrebe”	303,723	95,833
„Start up,,	178,799	-
“Stimulativni krediti”	104,025	82,107
„Sezonski krediti“	26,542	3,491
„Mikro-mikro ReneWLS,,	19,503	-
“ReneWLS grupni”	16,185	10,756
“ReneWLS individualni”	2,778	6,019
Interest receivable	142,568	73,063
<i>Total loans before provision for impairment</i>	<i>11,683,754</i>	<i>7,057,370</i>
Less: Provision for loan impairment	(174,893)	(122,493)
	11,508,861	6,934,877

Mikrokreditna organizacija Žene za Žene International Sarajevo
Notes to the financial statements
for the year ended 31 December 2007
(all amounts are expressed in KM)

10. LOANS TO CLIENTS (CONTINUED)

Annual loan interest rates approved in 2007 range between 1.3% and 1.65% (in 2006 between 1.5% and 3.0%). Average loan maturity is 15 months (2006, 12 months).

	<u>31.12.2007</u>	<u>31.12.2006</u>
Geographical analysis		
Sarajevo	4,977,502	3,485,027
Gračanica	6,589,725	3,579,694
Processing fee	<u>(26,041)</u>	<u>(7,351)</u>
Total loans before provision for impairment	11,683,754	7,057,370
Less: Provision for loan impairment	<u>(174,893)</u>	<u>(122,493)</u>
	<u>11,508,861</u>	<u>6,934,877</u>

Loans in arrears can be analyzed as follows:

	<u>31.12.2007</u>	<u>31.12.2006</u>
1 – 30 days	132,472	55,423
31 – 60 days	35,914	28,836
61 – 90 days	22,085	17,791
Over 91 day	<u>107,887</u>	<u>50,992</u>
	<u>298,358</u>	<u>153,042</u>

The movements in the provision for impairment of loans are summarized as follows:

	<u>2007</u>	<u>2006</u>
Balance at 1 January	122,493	55,933
Additional provisions	231,327	209,919
Write-off	<u>(178,927)</u>	<u>(143,359)</u>
Balance at 31 December	<u>174,893</u>	<u>122,493</u>

Mikrokreditna organizacija Žene za Žene International Sarajevo
Notes to the financial statements
for the year ended 31 December 2007

(all amounts are expressed in KM)

11. PROPERTY, PLANT AND EQUIPMENT

	Vehicles	Computers	Equipment	Software	Total
<u>Cost</u>					
At 31 December 2005	95,945	93,345	37,449	21,000	247,739
Additions	47,805	21,412	19,763	14,040	103,020
Disposals	(20,554)	(11,774)	(4,744)	-	(37,072)
At 31 December 2006	123,196	102,983	52,468	35,040	313,687
Additions	37,622	9,418	25,740	-	72,780
Disposals	(31,177)	(6,105)	(49)	-	(37,331)
At 31 December 2007	129,641	106,296	78,159	35,040	349,136
<u>Accumulated depreciation</u>					
At 31 December 2005	61,725	65,577	20,482	7,000	154,784
Charge for the year	20,104	17,322	5,768	6,306	49,500
Disposals	(12,737)	(12,745)	(1,504)	-	(26,986)
At 31 December 2006	69,092	70,154	24,746	13,306	177,298
Charge for the year	20,539	17,810	11,029	7,008	56,386
Disposals	(30,008)	(6,105)	(49)	-	(36,162)
At 31 December 2007	59,623	81,859	35,726	20,314	197,522
<u>Carrying amount</u>					
At 31 December 2007	70,018	24,437	42,433	14,726	151,614
At 31 December 2006	54,104	32,829	27,722	21,734	136,389

Mikrokreditna organizacija Žene za Žene International Sarajevo
Notes to the financial statements
for the year ended 31 December 2007

(all amounts are expressed in KM)

12. BORROWINGS

	Maturity	Interest rate %	31.12.2007	31.12.2006
Short term loans				
ABS Banka d.d. Sarajevo	02.09.2008	8.00%	750,041	916,764
ABS Banka d.d. Sarajevo	04.10.2008	7.80%	449,566	-
NLB Tuzlanska banka d.d. Tuzla	13.03.2008	7.90%	595,809	326,752
NLB Tuzlanska banka d.d. Tuzla	11.12.2008	7.36%	996,834	-
UniCredit Zagrebačka Banka d.d. Mostar	15.07.2008	7.99%	1,202,720	694,130
Raiffeisen bank d.d. BiH Sarajevo	05.04.2008	7.95%	494,866	372,208
Hypo Alpe Adria Bank d.d. Mostar	30.04.2007	8.00%	-	184,718
Total short term loans			4,489,836	2,494,572
Long term loans				
Global Commercial Microfinance Consortium Ltd., a Cayman Islands Corporation	26.10.2010	8.50%	2,038,953	977,915
Raiffeisen bank d.d. BiH Sarajevo	10.04.2009	Euribor +4.20%	699,643	-
Total long term loans			2,738,596	977,915
Total			7,228,432	3,472,487

13. SUBORDINATED DEBT

	31.12.2007	31.12.2006
UMCOR 2	-	192,730
UNDP	152,555	152,555
UMCOR 1	-	43,679
Total	152,555	388,964

Based on UMCOR's approval (United Methodist Committee on Relief of the General Board of Global Ministries of the United Methodist Church) and decision of Board of Directors on capitalisation of donated funds as of 29 June 2007, capitalization of two subordinated loans in total value of KM 236,933 was made.

On 15 September 2006, the Organization signed the Micro Capital Grant Agreement in the amount of KM 152,555 (USD 100,000) with United Nations Development Programme ("UNDP"). The interest free Agreement was signed for the management of the Srebrenica Regional Recovery Programme Rural Finance Loan.

Mikrokreditna organizacija Žene za Žene International Sarajevo
Notes to the financial statements
for the year ended 31 December 2007
(all amounts are expressed in KM)

13. SUBORDINATED DEBT (CONTINUED)

The preliminary due date for the implementation of Programme was 31 December 2006, However, considering that the Programme commencement was late, the capitalization of subordinated loan was prolonged first up to 31 May 2007, and latter up to 31 May 2008.

The Management believes that the capitalization of subordinated loan will be finalized in 2008.

14. OTHER LIABILITIES

	<u>31.12.2007</u>	<u>31.12.2006</u>
Accounts Payable	30,144	11,009
Liabilities to employees	9,283	8,946
Other	4,304	2,786
	<u>43,731</u>	<u>22,741</u>

15. SUPPLEMENTARY FUNDS

	<u>31.12.2007</u>	<u>31.12.2006</u>
Society Woman for Woman International	406,618	406,618
UNHCR	450,000	450,000
PRM/USA State Department	576,821	576,821
USAID	542,787	542,787
UMCOR	400,000	400,000
WWI Washington D.C.	52,316	52,316
UMCOR-1	44,203	-
UMCOR-2	192,730	-
Transfer of excess of income over expenditures	1,599,691	861,606
	<u>4,265,166</u>	<u>3,290,148</u>

In accordance with the Decision of Board of Directors dated 07 May 2007, the amount of KM 738,085 was transferred from the accumulated excess of income over expenditures.

Mikrokreditna organizacija Žene za Žene International Sarajevo
Notes to the financial statements
for the year ended 31 December 2007
(all amounts are expressed in KM)

16. RELATED PARTY TRANSACTIONS

The remuneration of directors and other members of key management are as follows:

	<u>31.12.2007</u>	<u>31.12.2006</u>
Gross salaries	195,974	201,872
Other benefits	<u>18,776</u>	<u>13,491</u>
	<u>214,750</u>	<u>215,363</u>

17. COMMITMENTS

Rental commitments

The Organization has entered into certain commitments for the rent of business premises. In 2008 these commitments will result in liabilities amounting to KM 29,230 (2007; KM 58,485).

18. FINANCIAL INSTRUMENTS

a) Capital risk management

The Organization manages its net assets to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and net assets balance. The general Organization's strategy did not change in comparison to 2006.

The financing net assets structure of the Organization consists of debt, which includes the borrowings (Note12) and net assets. Solvency indicators were as follows:

	31.12.2007	31.12.2006
Debt	7,228,432	3,472,487
Cash and cash equivalents	<u>(551,817)</u>	<u>(858,517)</u>
Net debt	6,676,615	2,613,970
Net assets)	<u>4,790,520</u>	<u>4,028,233</u>
Net debt to net assets ratio	<u>1.39</u>	<u>0.65</u>

b) Significant accounting policies

Basic accounting policies and procedures, including criteria for recognition, basis for presentation, measurement and recognition based on which income and expenses for each category of financial assets, liabilities and equity instruments are recognized, are disclosed in Note 3 of this financial statements.

Mikrokreditna organizacija Žene za Žene International Sarajevo
Notes to the financial statements
for the year ended 31 December 2007
(all amounts are expressed in KM)

18. FINANCIAL INSTRUMENTS (CONTINUED)

c) Categories of financial instruments

	31.12.2007	31.12.2006
Financial assets		
At fair value through FVTPL	-	-
Held for sale	-	-
Available-for-sale financial assets	-	-
Investment held to maturity	-	-
Loans and receivables (including cash and cash equivalents)	12,060,678	7,793,394
TOTAL	12,060,678	7,793,394
Financial liabilities		
At fair value through FVTPL	-	-
Held for sale	-	-
Categorized as FVTPL	-	-
Amortised cost	7,381,000	3,861,451
	7,381,000	3,861,451

d) Financial risk management objectives

The Organization's Financial controlling function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Organization through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

e) Market risk

The Organization's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see below points f and g).

Market risk exposures are supplemented by sensitivity analysis. There has been no change to the Organization's exposure to market risks or the method according to which it manages and measures the risk.

f) Foreign currency risk management

The Organization undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts.

Mikrokreditna organizacija Žene za Žene International Sarajevo
Notes to the financial statements
for the year ended 31 December 2007

(all amounts are expressed in KM)

18. FINANCIAL INSTRUMENTS (CONTINUED)

g) Foreign currency risk management (Continued)

31 December 2007	KM	EUR	USD	Total
Cash and cash equivalents	101,817	-	-	101,817
Deposits at the banks	450,000	-	-	450,000
Loans to clients, net	11,508,861	-	-	11,508,861
Other assets	10,443	-	-	10,443
TOTAL ASSETS (1)	12,071,121	-	-	12,071,121
Borrowings	5,189,479	2,038,953	-	7,228,432
Subsidized loans	-	-	152,555	152,555
Other liabilities	43,731	-	-	43,731
TOTAL LIABILITIES (2)	5,233,210	2,038,953	152,555	7,424,718
NET POSITION (1)-(2)	6,837,911	(2,038,953)	(152,555)	4,646,403
31 December 2006	KM	EUR	USD	Total
Cash and cash equivalents	588,517	-	-	588,517
Deposits at the banks	270,000	-	-	270,000
Loans to clients, net	6,934,877	-	-	6,934,877
Other assets	6,405	-	-	6,405
TOTAL ASSETS (1)	7,799,799	-	-	7,799,799
Borrowings	2,494,572	977,915	-	3,472,487
Subsidized loans	-	-	388,964	388,964
Other liabilities	22,741	-	-	22,741
TOTAL LIABILITIES (2)	2,517,313	977,915	388,964	3,884,192
NET POSITION (1)-(2)	5,282,486	(977,915)	(388,964)	3,915,607

18. FINANCIAL INSTRUMENTS (CONTINUED)

h) Foreign currency risk management (Continued)

Foreign currency sensitivity analysis

The Organisation is mainly exposed to EUR and USD.

The following table details the Organisation's sensitivity to a 10% increase and decrease in KM against relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency. The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit where KM strengthens 10% against foreign currency. For a 10% weakening of KM against relevant foreign currency, there would be an equal and opposite impact on the profit, and the balances below would be negative.

	EUR Impact		USD Impact	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Profit or loss	203,895	97,792	15,256	38,896

In Management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk since in accordance with the Law on Central Bank of Bosnia and Herzegovina the Convertible Mark ("KM") is officially tied to the Euro. Change in the exchange rate would require the amendments of the law and approval by Parliamentary Assembly of Bosnia and Herzegovina.

f) Interest rate risk management

The Organization is exposed to interest rate risk as the Organization borrows funds at floating interest rates. The Organization's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section.

18. FINANCIAL INSTRUMENTS (CONTINUED)

f) Interest rate risk management (Continued)

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease (0.5%) is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (0.5%) higher/lower and all other variables were held constant, the Organization's:

- profit for the year ended 31 December 2007 would decrease/increase by KM 57,988 (2006: by KM 8,061). This is mainly attributable to the Organisation's exposure to interest rates on its variable rate borrowings.

g) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Organization. The Organization has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Organization's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Organization's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Mikrokreditna organizacija Žene za Žene International Sarajevo
Notes to the financial statements
for the year ended 31 December 2007

(all amounts are expressed in KM)

18. FINANCIAL INSTRUMENTS (CONTINUED)

g) Credit risk management (Continued)

Financial assets

	Total gross carrying amount	Unimpaired assets	Individually impaired assets	Impairment allowance	Total net carrying amount
31 December 2007					
Cash and cash equivalents	101,817	101,817	-	-	101,817
Placements with banks	450,000	450,000	-	-	450,000
Loans and advances to customers	11,683,754	11,385,396	298,358	(174,893)	11,508,861
TOTAL	12,235,571	11,973,213	298,358	(174,893)	12,060,678
31 December 2006					
Cash and cash equivalents	588,517	588,517	-	-	588,517
Placements with banks	270,000	270,000	-	-	270,000
Loans and advances to customers	7,057,370	6,904,328	153,042	(122,493)	6,934,877
TOTAL	7,915,887	7,762,845	153,042	(122,493)	7,793,394

i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Management Board, which has built an appropriate liquidity risk management framework for the management of the Organization's short, medium and long-term funding and liquidity management requirements. The Organization manages liquidity risk by maintaining adequate reserves, banking facilities, reserve borrowing facilities and other methods of financing, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Mikrokreditna organizacija Žene za Žene International Sarajevo
Notes to the financial statements
for the year ended 31 December 2007

(all amounts are expressed in KM)

18. FINANCIAL INSTRUMENTS (CONTINUED)

i) Liquidity Risk Management (Continued)

Liquidity and interest risk tables (Continued)

The following tables detail the Organization's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Organization can be required to pay. The table includes both interest and principal cash flows.

31 December 2007	Less than 1 month	1-3 months	3 months- 1year	1-5 years	+5 years	Total
Borrowings	147,507	662,400	4,360,500	4,648,130	-	9,818,537
Other liabilities	43,731	-	-	-	-	43,731
	191,238	662,400	4,360,500	4,648,130	-	9,862,268
31 December 2006						
Borrowings	358,321	28,000	2,488,251	1,457,915	-	4,332,487
Other liabilities	22,741	-	-	-	-	22,741
	381,062	28,000	2,488,251	1,457,915	-	4,355,228

The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Organization anticipates that the cash flow will occur in a different period.

31 December 2007	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
Cash and cash equivalents	101,817	-	-	-	-	101,817
Deposits	300	60,900	323,900	91,600	-	476,700
Loans to customers	1,350,791	2,325,960	7,205,956	3,315,520	-	14,198,227
Other assets	10,443	-	-	-	-	10,443
	1,463,351	2,386,860	7,529,856	3,407,120	-	14,787,187
31 December 2006						
Cash and cash equivalents	588,517	-	-	-	-	588,517
Deposits	220	670	232,700	14,400	-	247,990
Loans to customers	1,090,158	1,961,795	5,038,071	356,861	-	8,446,885
Other assets	6,405	-	-	-	-	6,405
	1,685,300	1,962,465	5,270,771	371,261	-	9,289,797

19. APPROVAL OF THE FINANCIAL STATEMENTS

These separate financial statements were approved by the Management Board on 7 March 2008.

Signed on behalf of the Management Board:

Director
Seida Sarić

Finance – Administrative Manager
Mervana Vražalica