

Auditor's Report

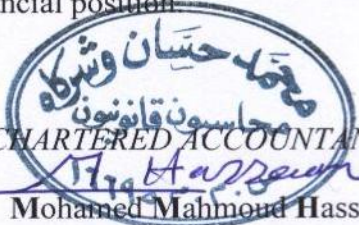
We have audited the accompany financial position of the Project of Small & Craft Enterprises Development, of Dakahlya Business Association for Community Development (DBACD), register no. 777 dated 27/3/1995 with the Ministry of Social Affairs, Subject to the law no. 84/2002 of associations and special firms, as of December 31, 2006, and the related statements of income and cash flows for the year then ended. These financial statements are the responsibility of the association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Generally Accepted Egyptian & International Standards on Auditing and the current laws. 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. Auditing also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statements presentation. We believed our audit provides a reasonable basis for our opinion.

The association keeps regular financial accounts that follow all the laws and the association system. The financial statements are typical to these accounts.

In our opinion, the financial statements give a true and fair view of the financial position of the *association* as of December 31, 2006 and of the results of its operating and its cash flows for the year then ended in accordance with International & Egyptian Accounting Standards. According to our audit and limited to the available information and disclosures, we conducted that there are no illegal items that would materially effect on the association activity and its financial position

Date: 13 / 2 / 2007


CHARTERED ACCOUNTANT
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Association

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Financial Position as of December 31, 2006

All figures are in LE.

Account Name	Values as of:	Values as of:
	12/31/06	12/31/05
Cash and Due from Banks	103,875	64,748
Trade Investments	45,168,101	43,356,759
Net Loan Portfolio	64,021,200	50,473,845
Gross Loan Portfolio	64,848,439	50,704,803
Impairment Loss Allowance	(827,239)	(230,958)
Interest Receivable on Loan Portfolio	-	-
Accounts Receivable and Other Assets	964,641	721,937
Other (Long-term) Investments	-	-
Net Fixed Assets	5,753,560	6,355,382
Fixed Assets	9,594,836	9,547,199
Accumulated Depreciation and Amortization	(3,841,276)	(3,191,817)
Total Assets	116,011,377	100,972,671
Demand Deposits	0	0
Short-term Time Deposits	0	0
Short-term Borrowings	32,787,708	40,009,004
Interest Payable on Funding Liabilities	0	0
Accounts Payable and Other Short-term Liabilities	484,950	436,972
Long-term Time Deposits	0	0
Long-term Borrowings	14,250,000	0
Other Long-term Liabilities	0	0
Total Liabilities	47,522,658	40,445,976
Paid-In Capital	0	0
Donated Equity	53,070,406	53,405,753
Prior Years	53,405,753	54,247,870
Current Year	-335,347	-842,117
Retained Earnings	15,418,313	7,120,941
Prior Years	7,012,399	2,530,675
Current Year	8,405,914	4,590,266
Reserves	0	0
Other Equity Accounts	0	0
Adjustments to Equity	0	0
Total Equity	68,488,719	60,526,694
Total Liabilities & Equity	116,011,377	100,972,670





Income Statement for 01-Jan-2006 to 31-Dec-2006

All figures are in LE.

Account Name	From:	From:
	1/1/2006	1/1/2005
	To:	To:
	12/31/2006	12/31/2005
Financial Revenue	20,555,410	14,680,818
Financial Revenue from Loan Portfolio	18,314,295	13,673,317
Interest on Loan Portfolio	17,806,724	13,536,291
Fees and Commissions on Loan Portfolio	507,571	137,026
Financial Revenue from Investments	2,233,907	972,487
Other Operating Revenue	7,208	35,014
Financial Expense	4,538,273	4,105,742
Financial Expense on Funding Liabilities	4,538,273	4,105,742
Interest and Fee Expense on Deposits	-	-
Interest and Fee Expense on Borrowings	4,538,273	4,105,742
Other Financial Expense	-	-
Net Inflation Expense	-	-
Other Non-Inflation Related Financial Expenses	-	-
Net Financial Income	16,017,137	10,575,076
Impairment Losses on Loans(Loan Loss Provision)	596,281	229,617
Provision for Loan Impairment	596,281	229,617
Value of Loans Recovered	-	-
Operating Expense	6,894,229	5,607,678
Personnel Expense	5,789,195	4,491,295
Administrative Expense	1,105,034	1,116,383
Depreciation and Amortization Expense	509,550	547,611
Other Administrative Expense	595,484	568,772
Net Operating Income	8,526,627	4,737,781
Net Non-Operating Income/(Expense)	(120,713)	(147,515)
Non-Operating Revenue	255,184	235,473
Non-Operating Expense	(375,897)	(382,988)
Net Income (Before Taxes and Donations)	8,405,914	4,590,266
Taxes	-	-
Net Income (After Taxes and Before Donations)	8,405,914	4,590,266
Donations		
Donations for Loan Capital		
Donations for Operating Expenses	-	-
Net Income (After Taxes and Donations)	8,405,914	4,590,266

