

Draft For Discussion

Jordan Micro Credit Company (Tamweelcom)

Non Profit Company

Amman \ Jordan

Financial Statement And Auditor's

Report For the Period Ended Dec. 31st, 2006

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NON Profit Company

Balance Sheet As At Dec. 31st,2006

<u>Assets</u>	<u>Notes</u>	<u>2006</u> <u>JD</u>	<u>2005</u> <u>JD</u>
<u>Current Assets</u>			
Cash in Hand & At Bank	2	286218	578208
Postponed Cheques		162095	27500
Employees Advances		9750	3358
Accounts Receivable		11164	2887
Prepaid Expenses	3	27982	26639
Refundable Deposits	4	12856	6206
Deferred Expenses		3970	266
Net Employees Loans	5	2090	3785
Net Outstanding Loans	6	5721980	3706317
Total Current Assets		6238105	4355166
<u>Other Assets</u>			
Investments in securities Available for Sale	7	200000	200000
<u>Non Current assets</u>			
Net Book Value for fixed assets	8	141197	93957
Total Assets		6579302	4649123
<u>Liabilities & Owners Equity</u>			
<u>Current Liabilities</u>			
Loans	9	2464412	1189129
Accounts Payable		31522	21415
Other Liabilities	10	1268679	965031
Accrued Expenses	11	11294	1697
Reserve for co-operation fund		17519	7229
Allowance For Vacations		10450	12344
Total Current Liabilities		3803876	2196845
<u>Owners Equity</u>			
Capital		30000	30000
Statutory Reserve		30000	30000
Retained Surplus		2715426	2392278
Total Owners Equity		2775426	2452278
Total Liabilities & Owners Equity		6579302	4649123

The Accompanying Notes Are An Integral Part Of These Financial Statement

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Jordan Micro Credit Company (Tamweelcom)

NON Profit Company

Income Statement For The Period Ended Dec. 31st, 2006

		<u>2006</u>	<u>2005</u>
<u>Revenues</u>	Notes	JD	JD
Loans Interest & Fees		1252602	862843
Penalty & Fees		24464	47177
Total Revenues		1277066	910020
Depreciation		27909	20899
Loans Interest		90171	28402
Loan Losses		58325	---
Administrative Expenses	12	786881	592448
Total Expenses		(963286)	(641749)
Operational Surplus		313780	268271
Receivable From Bad Debits		791	2715
Loan Reserve		---	2807
Other Revenues		2953	2990
Surplus From Activities		317524	276783
Grants		3088	59263
Grants expenses		---	(52675)
Exchange		105	(247)
Credit Interest		2343	13612
Training Penalties Revenues		78	2191
Profit and Losses Past Year		145	---
Losses From Selling & Replacing Assets		(135)	(1986)
Surplus for the Year		323148	296941
Retained Surplus Beginning Year		2392278	2095337
Total Surplus		2715426	2392278

The Accompanying Notes Are An Integral Part Of These Financial Statement

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Jordan Micro Credit Company (Tamweelcom)
NON Profit Company
Changes In Owners Equity For The Period Dec. 31st, 2006

	<u>Capital</u>	<u>Statutory Reserve</u>	<u>Surplus</u>	<u>Total</u>
<u>Dec. 31st, 2006</u>				
Beginning of The Year	30000	30000	2392278	2452278
Surplus	---	---	323148	323148
<u>Changes During The Year</u>				
End of the Year	<u>30000</u>	<u>30000</u>	<u>2715426</u>	<u>2775426</u>

<u>Dec. 31st, 2005</u>				
Beginning of The Year	30000	30000	2095337	2155337
Surplus	---	---	296941	296941
<u>Changes During The Year</u>				
End of the Year	<u>30000</u>	<u>30000</u>	<u>2392278</u>	<u>2452278</u>

The Accompanying Notes Are An Integral Part Of These Financial Statement

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Jordan Micro Credit Company (Tamweelcom)
NON Profit Company
Cash Flow Statement For The Period Ended Dec. 31st, 2006

	<u>2006</u>	<u>2005</u>
	<u>JD</u>	<u>JD</u>
<u>Cash Flow From Operating Activities</u>		
Surplus	323148	296941
<u>Changes</u>		
Depreciation	30433	20899
Provision for loans	4262	8741
Loss from Selling& Replacing Assets	135	1986
Operating Profit (Loss) before changing in working Capital	357978	328567
<u>Changes in Operating Assets</u>		
(Increase) Decrease in Receivable	(8277)	29
(Increase) Decrease Loans	(2013968)	(1006498)
(Increase) Decrease in other Receivables	(18089)	(6551)
<u>Changes in Operating Liabilities</u>		
Increase (Decrease) in other payables	28100	13306
Increase (Decrease) in prepaid income	303648	302822
Net Cash Used from Operating Activities	(1350608)	(368325)
Vacation provision	(4262)	---
<u>Cash Flow from Investing Activities</u>	(1354870)	(368325)
Investments in securities Available for Sale	---	(200000)
Purchase Of Fixed Assets	(80828)	(60922)
Sales of Fixed Assets	112	280
Difference From Transfer and Replacing Assets	2908	736
Net Cash Used in Investing Activities	(77808)	(259906)
<u>Cash Flows From Financing Activities</u>		
Loans	1275283	(13401)
Net Cash From Financing Activities	1275283	(13401)
Increase (Decrease) In Cash	(157395)	(641632)
Cash At The Beginning Of The Year	605708	1247340
Cash At The End Of The Year	448313	605708

The Accompanying Notes Are An Integral Part Of These Financial Statement

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Jordan Micro Credit Company (Tamweelcom) **NON Profit Company** **Notes To The Financial Statement As Of Dec. 31st, 2006**

Note 1

A. Status

Jordan Micro Credit Company is a Limited Liability Company registered under No. 5749 Dated on June 25,1999 with a Capital Value JD 30.000 and the Company is A NON Profit Corporation.

B. Activities

Providing small Loans by conducting the best international methods & basis in Micro Loans which guarantees continuity.

C. Summary of Significant Accounting Policies

The Significant Accounting Policies Applied in the preparation of the Financial Statement are as Follows:-

- (1) Fixed Assets are depreciated on cost using the straight-line method at rates estimated to depreciate the assets over their estimated useful lives. Annual rates of depreciation used are (2.5%) to (25%).
- (2) Foreign Currency transaction occurring during the year are expressed in JD at rates of exchange prevailing on such transaction dates, All foreign currency gains and losses are credited or charged to statement of income as they arise.
- (3) The Company's Administration uses the Accrual Basis, except for the loan fees & penalties since it is the suitable & applicable basis for the fees to be measured.
- (4) Grants : The company records all grants in the Income Statement below the Net Surplus before Grants if such grants belong to the current operating period, Grants and donations for periods beyond the current operating period are recorded under other liabilities as Grants Received In Advance.
- (5) Interest Income :The Company deducts interest on loans up-front from the principal of the loan, These revenues from loans Interests are recognized on an accrual basis for each financial year.

D. Interest Rate risk The company's exposure to interest rate fluctuations is mitigated by fixed interest rate borrowings as well as fixed interest rates applicable to loans. The company does not engage in speculative transactions or take speculative positions on its interest exposure.

E. Foreign Exchange Risk There are no currency risks or mismatches in the company's accounts because the company's functional currency Jordanian Diner (JD) is tied to the price of the US Dollar (USD) according to then general instructions of the Central Bank of Jordan.

F. Others

Statuary Reserve equals the Capital which is the upper limit for it according to the companies law No. 22 year 1997 act No. (75/A)

G. Other Liabilities may appear against bank guarantees J.D. (14455)

H. There are Guarantee Cheques with the Value of JD(400000) as a collateral against DEF Loan

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Note 2

Cash On Hand & At Bank

	<u>2006</u>	<u>2005</u>
	<u>JD</u>	<u>JD</u>
Petty Cash	1600	1300
Cash at Jordanian Banks / JD	206924	184191
Cash at Jordanian Banks / US Dollar	---	423475
Deposits at Jordanian Banks / JD	---	22682
Cash at Jordanian Banks / Current JD	77694	(53440)
Total	<u>286218</u>	<u>578208</u>

There is credit banks accounts because of checks not drawn yet, and it will covered from deposits and deposits accounts .

Note 3

Prepaid Expenses

	<u>2006</u>	<u>2005</u>
	<u>JD</u>	<u>JD</u>
Lawyer Fees	350	350
Fees & Subscription	1012	---
Internet	2883	2442
Medical Insurance	6578	4765
Cars	1067	---
Internal Audit	---	117
Marketing	4094	5047
Rents	10158	10458
Stationary	388	2338
Maintenance	669	562
Insurance	783	560
Total	<u>27982</u>	<u>26639</u>

Note 4

Refundable Deposits

	<u>2006</u>	<u>2005</u>
	<u>JD</u>	<u>JD</u>
Refundable Deposit / Main Center	11185	4685
Refundable Deposit / Branches	1520	1370
Bank Collateral Deposits	151	151
Total	<u>12856</u>	<u>6206</u>

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Note 5

Net Employees Loans

	<u>2006</u>	<u>2005</u>
	<u>JD</u>	<u>JD</u>
Employees Loans	2090	3785
Total	<u>2090</u>	<u>3785</u>

Note 6

Outstanding short term Loans

	<u>2006</u>	<u>2005</u>
	<u>JD</u>	<u>JD</u>
Outstanding short term Loans	5176236	3266360
Loan Loss Reserve	(57798)	(1883)
Total	<u>5118438</u>	<u>3264477</u>

Out standings Long term Loans

	<u>2006</u>	<u>2005</u>
	<u>JD</u>	<u>JD</u>
Outstanding Long Term Loans	603542	441840
Total	<u>603542</u>	<u>441840</u>

Allowance for bad debts was acquired upon aging of loans according to this schedule:

<u>Age / Days</u>	<u>Percentage</u>
0 - 30 Days	25%
31 - 90 Days	20%
91 - 181 Days	75%
More Than 181 Days	100%

The management committees in February 14 , 2006 decides that the loan reserves 1% of the out standing loans, and to increased this rate to reach industrial scale not rise than 2% of the outstanding loans .

Note 7

Investments in securities Available for Sale

The company has invested in the National Bank for Micro credit Funds registered as a Private Shareholding Company under No. (53) Dated on July 15, 2004 in the share of JD 200,000 from the Banks capital totaling JD 10,000,000.

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Note 9

Loans

A-short Term Loans

	<u>2006</u>	<u>2005</u>
	<u>JD</u>	<u>JD</u>
DEF Loan 2	100000	100000
DEF Loan 3	205983	301468
Planned Finance Loan	---	354000
Housing Bank Loan	125000	---
Jordan invest and finance bank loan	233338	---
Total	<u>664321</u>	<u>755468</u>

B-Long Term Loans

	<u>2006</u>	<u>2005</u>
	<u>JD</u>	<u>JD</u>
DEF Loan 2	100000	200000
DEF Loan 3	1805	233661
Jordan Invested Finance bank loan	923286	---
Housing bank loan	775000	---
Total	<u>1800091</u>	<u>433661</u>

Note 10

Other Liabilities

	<u>2006</u>	<u>2005</u>
	<u>JD</u>	<u>JD</u>
Interest Received In Advance	1097541	681266
Grants Received In Advance	6434	9522
Loans Payments Deposits	2609	3074
Installments Received in Advance Postponed Cheques	162095	27500
Installments Received in Advance	---	243669
Total	<u>1268679</u>	<u>965031</u>

Note 11

Accrued Expenses

	<u>2006</u>	<u>2005</u>
	<u>JD</u>	<u>JD</u>
Salaries & Wages	5163	217
Audit Fees	750	475
Health Insurance	---	119
Electricity & Water	102	289
Interest	4544	---
Telephone & Internet	735	597
Total	<u>11294</u>	<u>1697</u>

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Note 12

Administrative Expenses

	<u>2006</u>	<u>2005</u>
	<u>JD</u>	<u>JD</u>
Salaries & Wages	551746	362090
Social Security	39039	28665
Transportation	4512	17654
Rents	30909	30086
Office Stationary, Supplies	16469	11112
Electricity & Water	7065	5958
Fuel	3735	1496
Health Insurance	8281	6311
Communication	17793	9945
Equipment & Office Maintenance	9591	23034
Others	3749	5153
Insurance	3073	6633
Assets Less than 500 JD	1253	1447
Marketing	38837	28515
Bank Charges	1102	1023
Loans Intere Allowance For Vacations	4262	7850
Advertising	122	---
Training Expenses	---	8566
Lawyer, Legal & Audit Fees	12586	18194
Cleaning & hospitality	11636	11385
Internet	4645	5398
Fees & Subscriptions	4399	1731
Professional fees	3500	---
Computer Software Upgrade	884	202
Health Insurance / Customers	7693	---
Total	<u>786881</u>	<u>592448</u>

Note 13

Some of the 2005 balances were reclassified to correspond to 2006 presentations.

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