

Jordan Micro Credit Company (Tamweelcom)
Non Profit Company
Amman \ Jordan
Financial Statement And Auditor's
Report For the Period Ended Dec. 31st, 2007

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Jordan Micro Credit Company (Tamweelcom)
NON Profit Company
Balance Sheet as at Dec. 31st,2007

<u>Assets</u>	<u>Notes</u>	<u>2007</u>	<u>2006</u>
		<u>JD</u>	<u>JD</u>
<u>Current Assets</u>			
Cash on Hand & at Bank	2	864,496	286,218
Postponed Cheques		352,008	162,095
Accounts Receivables		5,335	11,164
Employees Advances		5,495	9,750
Prepaid Expenses	3	76,045	27,982
Refundable Deposits	4	3,207	12,856
Deferred Expenses		6,883	3,970
Net Employees Loans	5	0	2,090
Net Clients Outstanding Loans	6/A	<u>7,425,900</u>	<u>5,118,438</u>
Total Current Assets		<u>8,739,369</u>	<u>5,634,563</u>
<u>Non Current Assets</u>			
Net Book Value	8	197,386	141,197
Investments in securities Available for Sales	7	200,000	200,000
Outstanding long term loans	6/B	<u>686,384</u>	<u>603,542</u>
Total Non Current Assets		<u>1,083,770</u>	<u>944,739</u>
Total Assets		<u>9,823,139</u>	<u>6,579,302</u>
<u>Liabilities & Owners Equity</u>			
<u>Liabilities</u>			
Short term loans	9 / A	1,654,066	664,321
Accounts Payables		90,489	31,522
Loans payments deposits		9,873	2,609
Received in Advance	10	512,186	1,266,070
Accrued Expenses	11	30,050	11,294
Reserve for Co-Operation fund		0	17,519
Allowance for Staff Vacations		<u>6,803</u>	<u>10,450</u>
Total Liabilities		<u>2,303,467</u>	<u>2,003,785</u>
<u>Non - Current Liabilities</u>			
Long term loans	9 / B	<u>4,245,185</u>	<u>1,800,091</u>
<u>Owners Equity</u>			
Capital	1	2,500,000	30,000
Statutory Reserve	1	79,906	30,000
Retained Surplus		<u>694,581</u>	<u>2,715,426</u>
Total Owners Equity		<u>3,274,487</u>	<u>2,775,426</u>
Total Liabilities & Owners Equity		<u>9,823,139</u>	<u>6,579,302</u>

The Accompanying Notes Are An Integral Part Of These Financial Statement

Jordan Micro Credit Company (Tamweelcom)
NON Profit Company
Income Statement for the Year Ended Dec. 31st, 2007

<u>Revenues</u>	<u>Notes</u>	<u>2007</u>	<u>2006</u>
		<u>JD</u>	<u>JD</u>
Interest Income on loans		2,020,035	1,252,602
Fees & Penalties Income		63,115	24,464
Total Revenues		<u>2,083,150</u>	<u>1,277,066</u>
Depreciation		(42,395)	(27,909)
Interest Expenses on Loans		(327,783)	(90,171)
Health insurance / customers		(12,062)	(7,693)
Loan Loss Provision Expenses		(22,226)	(58,325)
Administrative Expenses	12	<u>(1,194,817)</u>	<u>(779,188)</u>
Total Expenses		<u>(1,599,283)</u>	<u>(963,286)</u>
Surplus from Operation		<u>483,867</u>	<u>313,780</u>
Other Revenues		2,344	1,306
CGAP Prize		7,073	0
Collected Bad Debits		8,732	2,516
Grants		3,088	3,088
Past Year Profit / different in exchanges		0	250
Interest Revenues from Bank Deposits		825	2,343
Amortization Secretariats Tax issue		(6,760)	0
Loss From Selling & Disposal of Assets		<u>(108)</u>	<u>(135)</u>
Surplus for the Year		<u><u>499,061</u></u>	<u><u>323,148</u></u>

The Accompanying Notes Are An Integral Part Of These Financial Statement

Jordan Micro Credit Company (Tamweelcom)
NON Profit Company
Changes In Owners Equity for the Year Ended Dec. 31st, 2007

	<u>Capital</u>	<u>Statutory Reserve</u>	<u>Surplus</u>	<u>Total</u>
<u>Dec. 31st, 2007</u>				
Beginning of The Year	30,000	30,000	2,715,426	2,775,426
Surplus	0	0	499,061	499,061
<u>Changes During The Year</u>				
Capitalization Retained surplus	2,470,000	0	(2,470,000)	0
Statutory	0	49,906	(49,906)	0
End of the Year	<u>2,500,000</u>	<u>79,906</u>	<u>694,581</u>	<u>3,274,487</u>

<u>Dec. 31st, 2006</u>				
Beginning of The Year	30,000	30,000	2,392,278	2,452,278
Surplus	0	0	323,148	323,148
<u>Changes During The Year</u>				
End of the Year	<u>30,000</u>	<u>30,000</u>	<u>2,715,426</u>	<u>2,775,426</u>

The Accompanying Notes Are An Integral Part Of These Financial Statement

Jordan Micro Credit Company (Tamweelcom)
NON Profit Company
Cash Flow Statement for the Year Ended Dec. 31st, 2007

	<u>2007</u>	<u>2006</u>
	<u>JD</u>	<u>JD</u>
<u>Cash Flow from Operating Activities</u>		
Surplus	499,061	323,148
<u>Changes</u>		
Depreciation	43,894	30,433
Allowance for doubtful accounts and for vacations	7	4,262
Loss from Sales & Disposal of Assets	108	135
Operating Profit before changing in working Capital	<u>543,070</u>	<u>357,978</u>
<u>Changes in Operating Assets</u>		
(Increase) Decrease in Receivables	5,829	(8,277)
(Increase) Decrease in loans	(2,388,214)	(2,013,968)
(Increase) Decrease in other Receivables	(37,072)	(18,089)
<u>Changes in Operating Liabilities</u>		
Increase (Decrease) in Received in Advance	(746,620)	303,648
Increase (Decrease) in other Payables	56,557	28,100
Net Cash flow	<u>(2,566,450)</u>	<u>(1,350,608)</u>
Allowance for doubtful accounts and for vacations	(7)	(4,262)
Net Cash used from operating activities	<u>(2,566,457)</u>	<u>(1,354,870)</u>
<u>Cash Flow from Investing Activities</u>		
Purchase of Property and Equipment	(91,166)	(80,828)
Sales of Property and Equipment	288	112
Difference From Transfer and Replacing Assets	(9,313)	2908
Net Cash Used in Investing Activities	<u>(100,191)</u>	<u>(77,808)</u>
<u>Cash Flows From Financing Activities</u>		
Loans	3,434,839	1,275,283
Net Cash From Financing Activities	<u>3,434,839</u>	<u>1,275,283</u>
Increase (Decrease) in Cash	<u>768,191</u>	<u>(157,395)</u>
Cash at the Beginning of the Year	448,313	605,708
Cash at the End of the Year	<u>1,216,504</u>	<u>448,313</u>

The Accompanying Notes Are An Integral Part Of These Financial Statement

Jordan Micro Credit Company (Tamweelcom)
NON Profit Company
Notes To The Financial Statement As Of Dec. 31st, 2007

Note 1

A. Status

-Jordan Micro Credit Company is a Limited Liability Company registered under No. 5749 Dated on June 20,1999 with a Capital Value JD 30,000 and the Company is A NON Profit Corporation.
-On August 23,2007 the general Assembly of the Company decided to increase the capital value to J.D. (2,500,000) by capitalizing J.D. (2,470,000) from retained surplus .

B. Activities

-Providing small Loans by conducting the best international methods & basis in Micro Loans which guarantees continuity.
- The company can establish and or enter as a shareholder partner or member in all kinds of societies it has the right to accept Funds , donations from any resources.
-The company can apply and receive loans from local Commercial Banks and International, within the limits of Jordanian Laws.

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 Revenue from Interest, fees & penalties The company applies cash basis in recording them since it is the suitable & applicable basis for the revenue to be applied and measured.
- (4) 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. The Company was accruing a policy to deduct loans interest up - front from loans, accruing the accrual basis in recording it for each financial year, in 2007 this policy was changed to be deducted and registered on its due date .
- (5) 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.

D. Interest Rate Risk The company's exposure to interest rate fluctuations is mitigated by the ability to modify the interest rate on disbursed loans as stated in contracts. 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

Statutory Reserve equals 10% from Net Surplus of the financial year 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(400,000) as a collateral against DEF Loan

I. Issues :

Issues Against the Company : There are laboratory cases against the company at Magistrate's court of Amman with value J.D. (6,379) and there is final decision taken by the court that required the company to pay (1,225) JD and the remaining amount paid back and the company appealed. There are also laboratory cases in presenting information stage with no value defined, according to lawyer report.

Issues Against Others :

-There are five issues against borrowers at Magistrate's court of Amman three of them with value J.D. (3785) and it was good for the company and the legal collecting procedures are under developed. The other two cases with no value defined, according to lawyer report.

-There are four issues against borrowers at Magistrate's court of Amman three of them with value J.D. (3542) been appealed to the court of Appeal and it is still pending .

-There are thirty seven issues to borrowers with the implementation of value J.D. (40554) on behalf of the company, a number of issues resumed by defendants at J.D. (1653), and eight issues with no value defined according to lawyer report .

-There are issues of borrowers with value J.D. (3175) were stopped by required settlements.

Note 2

Cash On Hand & At Bank

	<u>2007</u>	<u>2006</u>
	<u>JD</u>	<u>JD</u>
Petty Cash	---	1,600
Cash at Jordanian Banks / JD	707,625	206,924
Cash at Banks / Current JD	156,871	77,694
Total	<u>864,496</u>	<u>286,218</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>2007</u>	<u>2006</u>
	<u>JD</u>	<u>JD</u>
Lawyer Fees	350	350
Fees & Subscription	598	1,012
Internet	4,941	2,883
Medical Insurance	9,115	6,578
Cars	373	1,067
School Grants	13,908	---
Marketing	15,927	4,094
Rents	15,226	10,158
Stationary	13,216	388
Maintenance	727	669
Insurance	1,664	783
Total	<u>76,045</u>	<u>27,982</u>

Note 4**Refundable Deposits**

	<u>2007</u>	<u>2006</u>
	<u>JD</u>	<u>JD</u>
Other Refundable Deposit	600	10,660
Electricity	766	495
Telephone	1,550	1,500
Water	90	---
Internet Modem	50	50
Bank Collateral Deposits	151	151
Total	<u>3,207</u>	<u>12,856</u>

Note 5**Net Employees Loans**

	<u>2007</u>	<u>2006</u>
	<u>JD</u>	<u>JD</u>
Employees Loans	---	2,090
Total	<u>---</u>	<u>2,090</u>

Note 6**(A) Outstanding short term Loans**

	<u>2007</u>	<u>2006</u>
	<u>JD</u>	<u>JD</u>
Outstanding short term Loans	7528546	5,176,236
Loan Loss Reserve	(102,646)	(57,798)
Total	<u>7,425,900</u>	<u>5,118,438</u>

(B) Outstandings Long term Loans

	<u>2007</u>	<u>2006</u>
	<u>JD</u>	<u>JD</u>
Outstanding Long Term Loans	686,384	603,542
Total	<u>686,384</u>	<u>603,542</u>

The management committees in February 4 , 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 Sales**

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.

Note 9**Loans (A)****short Term Loans**

	<u>2007</u>	<u>2006</u>
	<u>JD</u>	<u>JD</u>
DEF Loan 2	100,000	100,000
DEF Loan 3	1,808	205,983
Jordan invest and finance bank loan	683,342	233,338
Housing Bank Loan	600,000	125,000
National Societe General Bank	140,000	---
ABC Loan	128,916	---
Total	<u>1,654,066</u>	<u>664,321</u>

(9/B) Long Term Loans

	<u>2007</u>	<u>2006</u>
	<u>JD</u>	<u>JD</u>
DEF Loan 2	---	100,000
DEF Loan 3	---	1,805
DEF Loan 4	500,000	---
Jordan Invested Finance bank loan	794,317	923,286
Housing bank loan	1,225,000	775,000
Plannet finance	708,000	---
City bank	500,000	---
National Societe General Bank	151,667	---
ABC	366,201	---
Total	<u>4,245,185</u>	<u>1,800,091</u>

Note 10**Received in advance**

	<u>2007</u>	<u>2006</u>
	<u>JD</u>	<u>JD</u>
Interest Received In Advance	156,833	1,097,541
Grants Received In Advance	3,345	6,434
Installments Received in Advance Postponed Cheques	352,008	162,095
Total	<u>512,186</u>	<u>1,266,070</u>

Note 11**Accrued Expenses**

	<u>2007</u>	<u>2006</u>
	<u>JD</u>	<u>JD</u>
Salaries & Wages	7,508	5,163
Audit Fees	1,500	750
Electricity & Water	171	102
Telephone & Internet	---	735
Marketing	7,498	---
Interest	13,373	4,544
Total	<u>30,050</u>	<u>11,294</u>

Professional fees**Administrative Expenses**

	<u>2007</u>	<u>2006</u>
	<u>JD</u>	<u>JD</u>
Salaries & Wages	788,305	551,746
Social Security	55,240	39,039
Transportation	7,846	4,512
Rents	46,387	30,909
Office Stationary, Supplies	10,950	16,469
Electricity & Water	13,943	7,065
Health Insurance	13,707	8,281
Communication	24,800	17,793
Equipment & Office Maintenance	10,837	9,591
Donation	500	---
Others	3,906	3,749
Insurance	5,092	3,073
Assets Less than 500 JD	15,868	1,253
Marketing	135,092	38,837
Fuel	4,725	3,735
Bank Charges	443	1,102
Advertising	455	122
Lawyer, Legal & Audit Fees	19,359	12,586
Cleaning & hospitality	15,541	11,636
Fees & Subscriptions	3,679	4,399
Professional fees	3,744	3,500
Internet	6,792	4,645
Computer Software Upgrade	1,499	884
Loans Interest Allowance For Vacations	7	4,262
Rewards	6,100	---
Total	<u>1,194,817</u>	<u>779,188</u>

Note 13

These are obligations might require the company to secure value- for cheques (400,000) JOD

Note 14

Some of the 2006 balances were reclassified to correspond to 2007 presentations.