

**ASSOCIATION OF DEVELOPMENT
FINANCE INSTITUTION IN THE MEMBER COUNTRIES OF
ISLAMIC DEVELOPMENT BANK (ADFIMI)**

**FINANCIAL STATEMENTS AS OF DECEMBER 31, 2007
TOGETHER WITH REPORT OF INDEPENDENT AUDITORS**

Association's Title	:	Association of Development Finance Institutions in the Member Countries of Islamic Development Bank (ADFIMI)
Activities	:	ADFIMI organizes seminars, workshops and conferences for high level managers of Development Finance Institutions'
Address	:	Saka Mehmet Sokak No:33-39 Kat:2 Sultanhamam – Eminönü İstanbul
Telephone Number	:	+90 212 526 51 26-27
Audit Period	:	January 1 – December 31, 2007

Audit Company	:	Kadıoğlu Yeminli Mali Müşavirlik ve Uluslararası Denetim Limited Şirketi Member firm of Integra International
Address	:	Mecidiye Mahallesi Cevatpaşa Sokak No:12 Koşuyolu 34710 İstanbul
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KADIOĞLU
YEMİNLİ MALİ MÜŞAVİRLİK
"Member of Integra International"

To
Association of Development Finance
Institutions in the Member Countries
of Islamic Development Bank
(ADFIMI)
Saka Mehmet Sokak No: 33-39 Kat:2
Sultanhamam-Eminönü
İstanbul/TURKEY

Dear Sir/Madam,

We have been appointed by General Assembly of ADFIMI to audit the accompanying financial statements, balance sheet and income statement, of ADFIMI as of December 31, 2007. We confirm that we belong to an internationally recognized supervisory body for statutory auditing. We have conducted our audit in accordance with international auditing standards applicable to agreed-upon procedures engagements.

We hereby certify that the association's accounts (income and expenditure) are faithful, reliable and supported by the appropriate supporting documents.

In our opinion, based on our audit, the financial statements referred to in the first paragraph above, present fairly, in all material respects, the financial position of Association of Development Finance Institutions in the Member Countries of Islamic Development Bank as of December 31, 2007

Kadioğlu Yeminli Mali Müşavirlik ve
Uluslararası Denetim Limited Şirketi

Member firm of Integra International
February 27, 2008

ADFIMI
BALANCE SHEET AS OF DECEMBER 31, 2007 AND 2006
(CURRENCY – NEW TURKISH LIRA (YTL))

	December 31, 2007	December 31, 2006
ASSETS		
Current Assets		
Cash and cash equivalents	25,855.49	24,307.05
Receivables from related parties	5,970.39	1,054.20
Total Current Assets	31,825.88	25,361.25
Non-Current Assets		
Fixed Assets	51,017.58	43,330.19
Total Non-Current Assets	51,017.58	43,330.19
Total assets	82,843.46	68,691.44
LIABILITIES AND EQUITY		
Equity		
Retained earnings	68,691.44	128,196.16
Net income for the period	14,152.02	(59,504.72)
Total Equity	82,843.46	68,691.44
Total Equity and Liabilities	82,843.46	68,691.44

The accompanying policies and explanatory notes form an integral part of the financial statements.

ADFIMI
INCOME STATEMENT
FOR THE PERIODS ENDED DECEMBER 31, 2007 AND 2006
(CURRENCY – NEW TURKISH LIRA (YTL))

	December 31, 2007	December 31, 2006
Revenues	432,956.59	416,665.80
Gross Profit	432,956.59	416,665.80
General administrative expenses	(406,310.76)	(485,529.56)
Other operating income	2,855.72	15,296.71
Other operating expenses	(16,963.20)	(1,520.51)
Profit from operations	12,538.35	(55,087.56)
Financial expenses	-	(4,437.16)
Extraordinary incomes and profits	1,613.67	20.00
Net income / (loss)	14,152.02	(59,504.72)

The accompanying policies and explanatory notes form an integral part of the financial statements.

CORPORATE INFORMATION:

ADFIMI, Association of National Development Finance Institutions in Member Countries of Islamic Development Bank, presently serves 52 members in 19 countries. Its activities essentially aim at the human development dimension of Development Finance Institutions (DFIs). In this context, ADFIMI organizes seminars, workshops and conferences for high level managers of DFIs.

SCOPE OF OUR AUDIT:

We have performed the following procedures and report to you the factual findings resulting from our work:

- Review the expenses of "ADFIMI" incurred from 1 January 2007 until 31 December 2007 (the Period)
- Review the income of "ADFIMI" derived from 1 January 2007 until 31 December 2007
- Examine and confirm the bank accounts for the period
- Review the assets and liabilities of ADFIMI as of December 31, 2007.

THE PROCEDURE EXAMINATIONS:

The Association's legal books certified by Beyoğlu 17th Notary Office stated as below:

Legal Book	Certification Date	Certification Number
Journal	December 13, 2006	14071
Ledger	December 13, 2006	14072
Inventory Book	December 13, 2006	14073

CASH AND CASH EQUIVALENTS:

Cash and cash equivalents comprise cash at bank and on hand.

Cash on Hand	2,040.07
YTL	2,040.07
USD	-
Banks -Demand Deposits	19,483.23
YTL	47.48
USD	18,111.68
EUR	1,324.07
Banks -Time Deposits	4,332.19
EUR	4,332.19
Total	25,855.49

ADFIMI
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2007
(Currency - In New Turkish Lira (YTL))

The bank accounts comprised of USD 15,550.51 and EUR 3,307.36 as of December 31, 2007. All the bank statements for the above mentioned accounts audited.

RELATED PARTIES :

Parties are considered related with one party either through ownership, contractual rights, family relationship or otherwise, has the ability to directly or indirectly control or significantly influence the other party. For the purpose of these financial statements, the personnel of the Association are referred to as related parties.

Balances outstanding and the most significant of these transactions are as follows :

Short-Term Receivables from Related Parties	December 31, 2007
Personnel Advances	
- Nuri Birtek	1,738.95
- M. Behzat Ekinci	3,477.90
- İlhami Tatar	753.54
Total	5,970.39

FIXED ASSETS:

Fixed assets in the course of continuing the operations of the Association, are carried at cost.

Fixed assets comprised of motor vehicles and fixtures and furniture and not depreciated.

The ownership of the fixed assets audited by purchase tests and physical observation.

Fixed Assets	December 31, 2006	Entries	Disposals	December 31, 2007
Motor Vehicles:	14,771.68	-	-	14,771.68
Fixtures and Furniture	28,558.51	7,687.39	-	36,245.90
Total	43,330.19			51,017.58

REVENUES:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognized on accrual basis.

Revenue comprise of membership fees, grants, contribution amounts to seminars and workshops, which ADFIMI organizes.

	December 31, 2007
Revenues	
Membership Fees	
- Membership fees for 2008	25,176.51
- Membership fees for 2007	324,089.30
- Membership fees for 2006 and before	3,820.69
Revenue from Seminars	28,778.36
Revenue from Workshops	51,091.73
Total	432,956.59

Delayed membership fees to be collected in the future; USD 44,369

GENERAL ADMINISTRATIVE EXPENSES:

	December 31, 2007
Payroll Expenses (including Social security premiums and benefits)	141,097.76
Seminar Expenses	54,177.49
Workshop Expenses	52,232.38
Promotion Expenses	27,018.50
Health Insurance and Expenses	21,518.07
Travel Expenses	21,380.23
Housing Allowance	17,198.60
Vehicle Expenses	13,001.39
Communication Expenses	11,005.80
General Assembly and Management Committee Expenses	10,048.18
General Office Expenses	6,424.17
Stationary Expenses	5,115.33
Auditing Expenses	4,637.40
Computer Expenses	2,665.71
Office Cleaning Expenses	2,550.00
Insurance Expenses	1,817.96
Bank and Notary Expenses	975.94
Other Expenses	13,445.85
	406,310.76

Foreign Currency Translation

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

OTHER OPERATING INCOME:

Other operating income consists of interest income and foreign exchange gains amounting YTL 1,334.64 and YTL 1,521.08 respectively.

OTHER OPERATING EXPENSES:

Other operating expenses consist of foreign exchange losses amounting YTL 16,963.20. Opening exchange rates of USD and Euro 1,4056 and 1,8515 have decreased to 1,1647 and 1,7102 respectively, as of December 31, 2007. 1 Euro was equal to USD 1,3172 at the beginning of the period and increased to 1,4683 at the end of the period.

EXTRAORDINARY INCOMES AND PROFITS:

Extraordinary incomes and profits consist of the membership fees of previous years' collected within the period, amounting YTL 1,613.67.