

**YOUNG ENTREPRENEURS
PROGRAM (“BADER”)
FINANCIAL STATEMENTS
31 DECEMBER 2006**

INDEPENDENT AUDITORS' REPORT TO THE ADMINISTRATIVE COMMITTEE OF YOUNG ENTREPRENEURS PROGRAM ("BADER")

We have audited the accompanying financial statements of the Young Entrepreneurs Program ("Bader"), which comprise the balance sheet as of 31 December 2006 and the statement of revenues and expenses, cash flow statement, and statement of changes in general fund for the period from 17 March 2006 to 31 December 2006, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors' are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards. 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.

Auditors' 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 auditors' judgement, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 Bader as of 31 December 2006 and its surplus and its cash flows for the period from 17 March 2006 to 31 December 2006 in accordance with International Financial Reporting Standards.


Ernst & Young

5 March 2007
Beirut, Lebanon

Young Entrepreneurs Program (“Bader”)

STATEMENT OF REVENUES AND EXPENSES

Period from 17 March 2006 to 31 December 2006

	<i>Notes</i>	<i>From 17 March 2006 to 31 December 2006 US\$</i>
REVENUES		
Donations and membership fees	3	279,962
Interest income		1,849
TOTAL REVENUES		<u>281,811</u>
EXPENSES		
Administration expenses	4	(24,280)
Salaries		(22,791)
Depreciation expense		(1,939)
TOTAL EXPENSES		<u>(49,010)</u>
SURPLUS FOR THE PERIOD		<u><u>232,801</u></u>

The attached notes 1 to 9 form part of these financial statements.

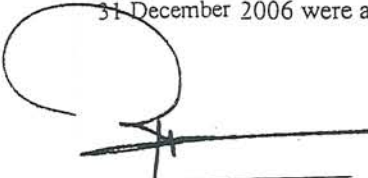
Young Entrepreneurs Program ("Bader")

BALANCE SHEET

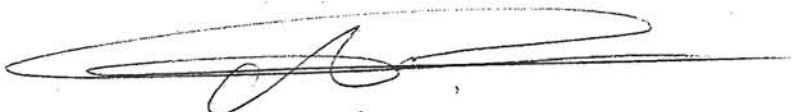
At 31 December 2006

	<i>Notes</i>	<i>2006 US\$</i>
ASSETS		
Non current assets		
Equipment	5	7,754
Current assets		
Accounts receivable and prepayments	6	50,055
Bank balances and cash	7	179,875
		<u>229,930</u>
TOTAL ASSETS		<u><u>237,684</u></u>
FUND BALANCES AND LIABILITIES		
Fund balances		
General fund		232,801
Current liabilities		
Accounts payable and accruals	8	4,883
TOTAL FUND BALANCES AND LIABILITIES		<u><u>237,684</u></u>

The financial statements of Young Entrepreneurs Program ("BADER") for the period from 17 March 2006 to 31 December 2006 were authorized for issue on behalf of the administrative committee on 5 March 2007 by:



Robert Fadel
President



Michel Abché
Treasurer

Young Entrepreneurs Program ("Bader")

CASH FLOW STATEMENT

Period from 17 March 2006 to 31 December 2006

	<i>Notes</i>	<i>From 17 March 2006 to 31 December 2006 US\$</i>
OPERATING ACTIVITIES		
Surplus for the period		232,801
Adjustments for:		
Depreciation	5	1,939
Interest income		(1,849)
		<u>232,891</u>
Working capital		
Accounts receivable and prepayments		(50,055)
Accounts payable and accruals		4,883
Net cash from operating activities		<u>187,719</u>
INVESTMENT ACTIVITIES		
Purchase of equipment	5	(9,693)
Interest income received		1,849
Net cash used in investing activities		<u>(7,844)</u>
INCREASE IN BANK BALANCES AND CASH		<u>179,875</u>
Bank balances and cash at beginning of the period		-
BANK BALANCES AND CASH AT 31 DECEMBER		<u><u>179,875</u></u>

The attached notes 1 to 9 form part of these financial statements.

Young Entrepreneurs Program (“Bader”)

STATEMENT OF CHANGES IN GENERAL FUND

Period from 17 March 2006 to 31 December 2006

	<i>US\$</i>
Balance at 17 March 2006	-
Surplus for the period	232,801
Balance at 31 December 2006	<u>232,801</u>

The attached notes 1 to 9 form part of these financial statements.

Young Entrepreneurs Program (“Bader”)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

1 ACTIVITIES

Young Entrepreneurs Program (“Bader”) was established by علم وخبر No 99/AD dated 17 March 2006 issued by the Ministry of Interior and Municipalities as a non-profit organization. Bader’s mission is to initiate, train and encourage young entrepreneurs to invest and build their own business. Bader’s head office is at Berytech Building, Damascus Road, National Museum area, Beirut, Lebanon. The total number of members at Bader amounted to 28 as of 31 December 2006.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards.

The accounting books of Bader are maintained in Lebanese Lira and US Dollar.

Accounting convention

The financial statements are prepared under the historical cost convention.

Revenue recognition

Donations and membership fees are accounted as revenue in the period to which they relate. Donations are presumed to be unrestricted unless donor-imposed restrictions apply.

Income tax

Bader, being a non-profit organization, is exempted from income tax on profits in accordance with Lebanese fiscal regulations.

Equipment

Equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

Office and computer equipment	5 years
Furnitures and fixtures	5 years

Bader accounts for a full year depreciation during the year of acquisition.

The carrying value of equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Foreign currencies

Bader maintains its books and records in dual currencies, being Lebanese Lira (the local currency) and United States Dollars (the functional currency). Lebanese Lira transactions are translated to United States Dollars at the fixed rate of Lebanese Lira 1,507.5 to United States Dollars 1. Transactions in foreign currencies are recorded in Lebanese Lira and US Dollars at the rate ruling at the date of the 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.

Fair values

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

Young Entrepreneurs Program ("Bader")

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

3 DONATIONS AND MEMBERSHIP FEES

Bader's main source of funds consist primarily of members' donations and membership fees.

The following members contributed each US\$ 10,000:

Admic SAL, ABC SAL, Aishti SAL, Byblos Bank SAL, Patchi Industrial Co. SAL, Indevco SARL, Pepsi SAL, Global Impex SA, Virgin SAL, BLF SAL, Les Affichages Picasso SAL, Kafalat SAL, BLOM Bank SAL, Berytech SCAL, Butech, Sonodis SARL, Sidem SAL, Benta Trading Co. SARL, FFA, Dar Al Handassa, Al Mawarid Bank SAL, Hamra Shopping and Trading Co. SAL, Mr Said Daher, Mr Elie Saab, Mr Salaheddine Osseiran, Mr Azmi Mikati, Mr Nader Hariri.

Donations from Daimler Chrysler amounted to US\$ 9,962 during the period.

4 ADMINISTRATION EXPENSES

	<i>Period from 17 March 2006 to 31 December 2006 US\$</i>
Rent	2,265
Entertainment and hospitality	4,407
Postage and telecommunication	943
Printing and office supplies	10,069
Bank charges	79
Other expenses	6,517
	<u>24,280</u>

5 EQUIPMENT

	<i>2006 US\$</i>
Cost:	
At 17 March 2006	-
Additions	9,693
At 31 December 2006	<u>9,693</u>
Depreciation:	
At 17 March 2006	-
Depreciation charge for the period	1,939
At 31 December 2006	<u>1,939</u>
Net carrying amount	<u>7,754</u>

Young Entrepreneurs Program ("Bader")

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

6 ACCOUNTS RECEIVABLES AND PREPAYMENTS

	<i>2006</i> <i>US\$</i>
Amount due from Building Block Fund (under establishment)	49,082
Prepaid expense	973
	<u>50,055</u>

Bader advanced US\$ 49,082 to Building Block Fund (under establishment). This amount will be repaid to Bader once the fund is established.

7 BANK BALANCES AND CASH

	<i>2006</i> <i>US\$</i>
Bank balances	179,547
Cash	328
	<u>179,875</u>

Bank balances include US\$ 5,220 denominated in LBP. Bank balances carry interest at commercial rates.

8 ACCOUNTS PAYABLES AND ACCRUALS

	<i>2006</i> <i>US\$</i>
Tax payable	1,872
Accrued expenses	3,011
	<u>4,883</u>

Tax payable represents primarily withholding tax payable to the Department of Income Tax.

9 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets, financial liabilities and derivatives.

Financial assets consist of cash and bank balances and receivables. Financial liabilities consist of payables. There are no derivatives.

The fair values of financial assets and liabilities are not materially different from their carrying values at the balance sheet date.