

JUMPSTART INTERNATIONAL CORPORATION

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
AND INDEPENDENT AUDITORS' REPORT**

INDEPENDENT AUDITORS' REPORT

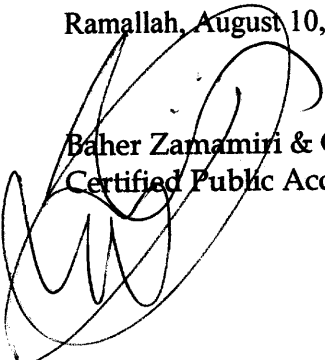
**TO Mss. Anne O'Sullivan
Executive Director
JumpStart International**

We have audited the accompanying consolidated statement of financial position of JumpStart International Corporation and affiliates (the "Organization") as of December 31, 2005 and the related consolidated statement of activities and consolidated statement of cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 plan and perform our 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. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2005 and the results of its operations and cash flows for the year then ended on the basis of accounting described in note (2).

Ramallah, August 10, 2007


**Baher Zamamiri & Co.
Certified Public Accountants**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 (All amounts in U.S. Dollars)

	<u>Note</u>	<u>Amount</u>
Assets		
Current assets		
Cash and cash equivalents	(3)	777,269
Accounts receivable and other current assets	(4)	<u>39,386</u>
Total current assets		816,655
Fixed assets, net	(5)	<u>14,100</u>
Total assets		<u>830,755</u>
Liabilities and Net Assets		
Current liabilities		
Due to banks	(6)	7,728
Accounts payable	(7)	35,524
Accounts payable and other current liabilities	(8)	<u>2,321</u>
Total current liabilities		45,573
Net Assets		785,182
Total Liabilities and Net Assets		<u>830,755</u>

Notes to the financial statements form an integral part of it



MS. ANNE O'SULLIVAN

Executive Director

CONSOLIDATED STATEMENT OF ACTIVITIES
(All amounts in U.S. Dollars)

	<u>Note</u>	<u>Amount</u>
Grants and other revenues		
Grants and revenues	(9)	513,183
Other revenues	(10)	353,827
Total grants and other revenues		<u>867,010</u>
Expenses		
Program services:		
Direct program services	(11)	1,463,140
Program administration	(12)	106,233
Total program expenses		<u>1,569,373</u>
Supporting services:		
Management and general expenses	(13)	209,356
Total supporting services		<u>209,356</u>
Total expenses		<u>1,778,729</u>
Changes in net assets for the year		<u>(911,719)</u>
Net assets, beginning of period		<u>1,696,901</u>
Net assets, end of period		<u>785,182</u>
		<u> </u>
		<u> </u>
		<u> </u>

Notes to the financial statements form an integral part of it

STATEMENT OF CASH FLOWS
(All amounts in U.S. Dollars)

	<u>Amount</u>
Cash Flows from Operating Activities	
Changes in net assets	(911,719)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	2,597
Increase in accounts receivable and other current assets	(39,386)
Increase in accounts payable and other current liabilities	38,591
Net cash used in operating activities	<u>(909,917)</u>
Cash Flows from Investing Activities	
Purchase of fixed assets	(16,697)
Net cash used in investing activities	<u>(16,697)</u>
Cash Flows from Financing Activities	
Increase in due to banks	7,728
Net cash provided by financing activities	<u>7,728</u>
Decrease in cash and cash equivalent	(918,886)
Cash and cash equivalent, beginning of the year	1,696,155
Cash and cash equivalents, end of the year	<u>777,269</u>

Notes to the financial statements form an integral part of it

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in U.S. Dollars)

1. GENERAL

JumpStart International Corporation (the "Corporation") (IRS EIN 92-0185411) is a Connecticut non-profit corporation (business filing number 0002788032) which is registered to operate as a foreign corporation with the Secretary of State Corporation Division in the State of Georgia, USA under registration number 0545421.

An international humanitarian organization dedicated to "building peace through prosperity", the Corporation's key objectives include employment generation and labor-stimulus projects for clearance and revitalization of war-torn areas, including implementation of small-scale construction and infrastructure projects, and training and enterprise development. The headquarter office located in Atlanta, Georgia was established in 2005, and 2005 programs included operations in Iraq and the Gaza Strip in Palestine.

To meet its objectives the Corporation registered to operate as a foreign NGO in:

- The Gaza Strip in Palestine; and
- Iraq

2. ACCOUNTING POLICIES

The consolidated financial statement has been prepared in accordance with the International Financial Reporting Standards and reflects the Corporations operations in the US, Iraq and the Gaza Strip (Palestine) as of December 31, 2005.

The following is a summary of the Corporation's significant accounting policies:

a) Cash and cash equivalent

For cash flows presentations, cash and cash equivalent are considered current assets and can be available for use within three months period.

b) Fixed assets

Fixed assets are stated at cost net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets based on the following annual percentage rates:

Office furniture	15%
Computers and software	30%

JumpStart International Corporation
 Consolidated financial statements for the year ended December 31, 2005

c) Grants and other revenues

Grants and other revenues are recorded when earned or pledged.

d) Reporting currency

The Corporation reporting currency is US Dollar.

3. CASH AND CASH EQUIVALENT

Details -

	<u>Amount</u>
Cash at banks	770,861
Cash in Escrow	6,364
Petty cash	14
	<u>777,269</u>

4. ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

Details -

	<u>Amount</u>
Accounts receivable	26,476
Prepaid expenses	5,765
Other current assets	7,145
	<u>39,386</u>

5. FIXED ASSETS, NET

Details -

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Depreciation</u>	<u>Ending Balance</u>
Cost				
Computers, Fax and Software	-	13,506	-	13,506
Office Furniture	-	3,191	-	3,191
	<u>-</u>	<u>16,697</u>	<u>-</u>	<u>16,697</u>
Accumulated Depreciation				
Computers, Fax and Software	-	-	2,581	2,581
Office Furniture	-	-	16	16
	<u>-</u>	<u>-</u>	<u>2,597</u>	<u>2,597</u>
Net Book value	<u>-</u>			<u>14,100</u>

JumpStart International Corporation

Consolidated financial statements for the year ended December 31, 2005

6. DUE TO BANKS

Details -

	<u>Amount</u>
Credit card balance	7,613
Over-draft	115
	<u>7,728</u>

7. ACCOUNTS PAYABLE

This amount represents accounts payable to suppliers as of December 31, 2005.

8. ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

Details -

	<u>Amount</u>
Accrued expenses, net	2,127
Other current liabilities	194
	<u>2,321</u>

9. GRANTS REVENUES

Details -

	<u>Amount</u>
Grants	500,000
Dividends and services revenues	13,183
	<u>513,183</u>

10. OTHER REVENUES

Details -

	<u>Amount</u>
Program contracts	320,945
Sales of scrap	12,242
Others	20,640
	<u>353,827</u>

JumpStart International Corporation

Consolidated financial statements for the year ended December 31, 2005

11. PROGRAM EXPENSES

Details - Program Services (Iraq)

	<u>Amount</u>
Building materials, equipment and supplies	547,660
Wages, salaries and related benefits	446,711
Contractors and professional services	356,758
Office expense	20,053
Transportation/travel and meetings expenses	36,107
Miscellaneous expenses	55,851
	<u>1,463,140</u>

12. PROGRAM ADMINISTRATION

Details - Program Administration (Iraq)

	<u>Amount</u>
Salaries and related benefits	42,233
Professional services	14,387
Travel and meeting expenses	15,065
Office expense	6,460
Miscellaneous expense	1,755
	<u>79,900</u>

Details - Program Administration (Gaza)

	<u>Amount</u>
Telecommunications	2,301
Professional & legal fees	6,420
Salaries and related benefits	3,023
Travel and transportation	9,284
Office rent & maintenance	2,000
Printings	1,311
General office supplies	1,280
Advertising expenses	400
Bank charges	147
Permits and licenses	126
Depreciation	40
	<u>26,333</u>

Program Administration (Iraq)	79,900
Program Administration (Gaza)	26,333
Total Program Administration	<u>106,233</u>

13. SUPPORTING SERVICES

Details - Management and General Expenses (US Headquarters)

	<u>Amount</u>
Salaries and related benefits allocated to Head Office	128,181
Travel and transportation	5,189
Professional & legal fees	30,922
Office rent and maintenance	7,435
Office supplies	5,139
Telephone and Internet	3,263
Advertising expenses	735
Insurance	5,666
Bank charges	171
Permits and licenses	11,329
Mail and postage	1,219
Taxes and fines	619
Conferences and training	854
Other miscellaneous expenses	6,053
Depreciation	2,581
	<u>209,356</u>