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INDEPENDENT AUDITOR'S REPORT

**To the General Assembly
Partners' Jordan**
(Limited Liability Company
Non Profit Organization)
Amman – Jordan

Report on the Financial Statements

We have audited the accompanying financial statements of **Partners' Jordan** (Limited Liability Company - Non Profit Organization) which comprise the statement of Financial Position as of December 31, 2010, and the statement of Activities, the statement of changes in the partners' equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's 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 relevant 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 our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company'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 **Partners' Jordan** (Limited Liability Company - Non Profit Organization) as of December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

The company maintains proper accounting records and the accompanying financial statements are in agreement therewith, and we recommend the company's general assembly to approve these financial statements.

Professional Auditors

Amman - Jordan

Michel Hejazine

14 February 2011

License No. (708)

Michel Hejazine

Partners Jordan
(Limited Liability Company – Non Profit Organization)
Amman – Hashemite Kingdom of Jordan

Statement of Financial Position as at December 31,2010

<u>Assets</u>	<u>Notes</u>	<u>2010</u> <u>JOD</u>	<u>2009</u> <u>JOD</u>
Current assets			
Cash & Cash Equivalent	(3)	83,553	129,620
Other Debit Balances	(4)	10,208	28,841
Total Current Assets		<u>93,761</u>	<u>158,461</u>
Fixed Assets, Net	(5)	5,271	8,206
Total Assets		<u>99,032</u>	<u>166,667</u>
 Liabilities & Partners' Equity			
Current Liabilities			
Other Debit Balances		3,993	10,091
Total Current Liabilities		<u>3,993</u>	<u>10,091</u>
Partners' Equity			
Paid up Capital	(6)	30,000	30,000
Accumulated Surplus		65,039	126,576
Total Partners' Equity		<u>95,039</u>	<u>156,576</u>
Total Liabilities & Partners' Equity		<u>99,032</u>	<u>166,667</u>

The accompanying notes are an integral part of these financial statements and to be read therewith
and with the Independent auditor report.

Partners Jordan
(Limited Liability Company – Non Profit Organization)
Amman – Hashemite Kingdom of Jordan

Statements of Activities for the year ended December 31, 2010

	<u>Notes</u>	<u>2010</u> JOD	<u>2009</u> JOD
Revenues			
Projects Donations	(7)	95,032	303,752
Projects Revenues	(8)	110,174	50,992
Total Revenues		<u>205,206</u>	<u>354,744</u>
Projects Expenses	(9)	(237,167)	(319,651)
General & Administrative Expenses	(10)	(29,555)	(25,939)
Gross Surplus		<u>(61,516)</u>	<u>9,154</u>
Currency Exchange Rate (loss) profit		(21)	31
Total Year (Deficit) Surplus		<u>(61,537)</u>	<u>9,185</u>

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Partners Jordan
(Limited Liability Company – Non Profit Organization)
Amman – Hashemite Kingdom of Jordan

Changes in Partners Equity for the year ended December 31, 2010

	<u>Paid up Capital</u> JOD	<u>Accumulated Surplus</u> JOD	<u>Total</u> JOD
Balance as at January 1, 2009	30,000	117,391	147,391
Changes during the year	---	9,185	9,185
Balance as at December 31, 2009	<u>30,000</u>	<u>126,576</u>	<u>156,576</u>
Changes during the year	---	(61,537)	(61,537)
Balance as at December 31, 2010	<u>30,000</u>	<u>65,039</u>	<u>95,039</u>

The accompanying notes are an integral part of these financial statements and to be read therewith
and with the Independent auditor report.

Partners Jordan
(Limited Liability Company – Non Profit Organization)
Amman – Hashemite Kingdom of Jordan

Statement of Cash Flow for the year ended December 31, 2010

	2010	2009
	JOD	JOD
Cash flows from operating activities:		
Net (deficit) surplus	(61,537)	9,185
Depreciation Expense	3,014	6,298
	(58,523)	(15,483)
Changes in working capital items		
Other Debit Balances	18,633	(23,627)
Accounts Payables	-	(5,290)
Projects Payments	-	(42,857)
Other Credit Balances	(6,098)	9,179
Net cash flows (used in) operating activities	(45,988)	(47,112)
Cash flows from Investing activities:		
Fixed Assets Purchases	(79)	(58)
Net cash flows (used in) Investing activities	(79)	(58)
Net (deficit) surplus	(46,067)	(47,170)
Cash and cash equivalents at the beginning of the period	129,620	176,790
Cash and cash equivalents at the end of the year	83,553	129,620

The accompanying notes are an integral part of these financial statements and to be read therewith
and with the Independent auditor report.

Partners Jordan
(Limited Liability Company – Non Profit Organization)
Amman – Hashemite Kingdom of Jordan
Notes on the financial statements

01 General:

Partners Jordan company was established and registered on October 25, 2005 as a Limited Liability-Non Profit Organization under registration number 105 at the Companies Controller Department in Jordan

- Ownership of monetary and Non-Monetary assets
- Managerial Consulting
- Bank Borrowing
- Training sessions with no certification issuance

02 BASIS OF PREPARATION

Statement of compliance:

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

i. Fixed Assets

Fixed assets are presented in Net book Value. Fixed assets are being depreciated according to straight line method with a range of 15-20 %.

ii. Donations Revenues

Donations revenues are being recognized when the amounts are collected from donors, and donations revenues related to future periods are recognized as deferred in projects in progress.

iii. Foreign Currency Transaction

Transactions in foreign currencies are translated to Jordanian Dinars at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Jordanian Dinars at the exchange rate at that date.

Foreign currency differences arising on retranslation are recognized in the Statement of Activities

03 Cash & Cash Equivalent

Cash and cash equivalent is represented by balances at Standard Chartered Bank.

04 Other Debit Balances

	<u>2010</u> <u>JOD</u>	<u>2009</u> <u>JOD</u>
Prepaid Rent	5,333	5,333
Prepaid Insurance	1,012	773
Prepaid Subscriptions	308	361
Refundable Deposits	273	273
Accrued Revenue	3,130	21,523
Hazem Othman Zaytoun	-	426
Others	152	152
Total	<u>10,208</u>	<u>28,841</u>

05 Fixed Assets

	<u>Furniture</u> <u>JOD</u>	<u>Decor</u> <u>JOD</u>	<u>Cooling</u> <u>JOD</u>	<u>Office Equip.</u> <u>JOD</u>	<u>Computers</u> <u>JOD</u>	<u>Total</u> <u>JOD</u>
Cost						
Balance as at Jan 1, 2010	5,441	2,340	2,975	5,120	16,774	32,650
Additions	---	---	---	79	---	79
Balance as at Dec 31, 2010	<u>5,441</u>	<u>2,340</u>	<u>2,975</u>	<u>5,199</u>	<u>16,774</u>	<u>32,729</u>
Accumulated Depreciation						
Balance as at Jan 1, 2010	2,101	1,408	1,777	3,285	15,873	24,444
Year Depreciation	544	351	446	773	900	3,014
Balance as at Dec 31, 2010	<u>2,645</u>	<u>1,759</u>	<u>2,223</u>	<u>4,058</u>	<u>16,773</u>	<u>27,458</u>
Net Book Value						
NBV as at December 31, 2010	<u>2,796</u>	<u>581</u>	<u>752</u>	<u>1,141</u>	<u>1</u>	<u>5,271</u>
NBV as at December 31, 2009	<u>3,340</u>	<u>932</u>	<u>1,198</u>	<u>1,835</u>	<u>901</u>	<u>8,206</u>

06 Capital

Partners Jordan Capital was paid in full and is distributed as follows:

	<u>Percentage</u>
Saed Darweish Yousif Karajeh	7,500
Laith Marwan Sedqi Al Qasim	7,500
Raymond Shonehltz	7,500
Reem Momdooh Abed Alrahman	7,500
Total	<u>30,000</u>

07 Projects Donations

	<u>2010</u>	<u>2009</u>
	JOD	JOD
EU	-	162
PSP	-	9,065
DUTCH	2,627	68,052
UNDEF	46,011	115,041
FFF	-	-
MEPI	46,394	91,300
ACRLI	-	7,146
IREXI	-	12,986
Total	<u>95,032</u>	<u>303,752</u>

08 Projects Revenues

	<u>2010</u>	<u>2009</u>
	JOD	JOD
PDC/WORLD BANK Revenue	2,701	5,869
PDC/DUTCH Revenue	70	6,454
TBI Revenue	4,284	4,484
IREX/ERBIL Revenue	3,393	3,394
IREX/ERBIL 2 Revenue	5,311	-
TRIBAL SYMPOSIUM Revenue	4,670	-
IREX/ISTANBUL Revenue	2,718	-
IREX/AMMAN Revenue	44,456	-
MEET Revenue	354	-
USIP/BAGHDAD Revenue	4,233	-
USIP/ERBIL Revenue	14,700	-
IREX/ERBIL3 Revenue	4,179	-
META Revenue	2,756	-
DDFT Revenue	3,130	-
MEDIATION Revenue	6,488	-
Takafo' Revenue	2,164	-
Other Revenues	3,441	3,043
Training Projects Revenues	1,046	991
CHF Revenue	-	5,712
PDCI Revenue	-	11,822
FDCD Revenue	-	5,664
IREX/TAJIKISTAN Revenue	-	3,559
Total	<u>110,094</u>	<u>50,992</u>

09 Projects Expenses

	<u>2010</u>	<u>2009</u>
	JOD	JOD
MEPI Project Expenses	67,834	81,134
UNDEF Project Expenses	56,259	131,632
DUTCH Project Expenses	1,062	73,008
TBI Project Expenses	1,825	2,601
PDC/WORLD BANK Project Expenses	731	594
TRIBAL SYMPOSIUM Project Expenses	485	-
IREX/ERBIL Project Expenses	5,045	-
IREX/STANBUL Project Expenses	1,812	-
IREX/ERBIL 2 Project Expenses	4,780	-
IREX/AMMAN Project Expenses	40,203	-
USIP-ERBIL Project Expenses	9,065	-
USIP/BAGHDAD Project Expenses	910	-
META Project Expenses	59	-
IREX/ERBIL3 Project Expenses	3,482	-
DDFT Project Expenses	310	-
MEDIATION Project Expenses	6,168	-
Joint Expenses - Salaries	37,137	-
PSP Project Expenses	-	700
EU2 Project Expenses	-	1,061
IREX Project Expenses	-	7,862
FDCD Project Expenses	-	399
CHF Project Expenses	-	3,500
PDC Project Expenses	-	9,242
PDC-DUTCH Project Expenses	-	4,546
IREX/TAJAKISTAN Project Expenses	-	3,372
Total	<u>237,167</u>	<u>319,651</u>

10 General & Administrative Expenses

	<u>2010</u> <u>JOD</u>	<u>2009</u> <u>JOD</u>
Travel & Accommodation	1,673	747
Hospitality	3,266	220
Governmental Fees	468	546
Bank Charges	274	282
Stationery & Printing	20	18
Transportation	1,180	440
Rent	4,441	-
Water	129	83
Telephone	74	56
Mobile	398	256
Electricity	588	175
Maintenance	515	80
Insurance	1,253	707
Postage	101	-
Subscriptions	1,988	2,555
Depreciation Expense	3,016	6,298
Advertisement	126	164
Company Social Security	7,948	6,362
Computer Maintenance	350	105
Other Expenses	7	85
Professional Fees	1,740	1,740
Training Sessions	-	50
Trainees Fees	-	4,970
Total	<u>29,555</u>	<u>25,939</u>