JORDAN RIVER FOUNDATION
(ESTABLISHED BY A SPECIAL DECREE)
AMMAN – JORDAN

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

AM/10192

To Her Majesty Queen Rania Al-Abdullah
and Members of the Board of Trustees,
Jordan River Foundation
Amman – Jordan

We have audited the accompanying financial statements of Jordan River Foundation (Established by a Special Decree), which comprise of the statement of financial position as of December 31, 2006 and the statement of activities, statement of functional expenses and cash flows statement 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 misstatement, 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 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 auditor's 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, the auditor considers internal control relevant to the Foundation 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 Foundation 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 Jordan River Foundation (Established by a Special Decree), as of December 31, 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Amman – Jordan
June 17, 2007

Saba & Co.

JORDAN RIVER FOUNDATION
AMMAN - JORDAN
(ESTABLISHED BY A SPECIAL DECREE)
STATEMENT OF FINANCIAL POSITION

	Note	December 31, 2006	December 31, 2005
ASSETS		JD	JD
Current Assets:			
Cash on hand and at banks	4	1,451,976	511,459
Accounts receivable-net	5	122,358	241,234
Inventory	6	316,195	364,093
Prepaid expenses and other debit balances	7	38,398	20,876
Total Current Assets		1,928,927	1,137,662
Fixed Assets:			
Fixed assets at cost		1,614,454	1,485,667
Less: Accumulated depreciation		599,043	465,102
Net Book Value of Fixed Assets	8	1,015,411	1,020,565
Total Assets		2,944,338	2,158,227
LIABILITIES			
Current Liabilities:			
Accounts payable and other credit balances	9	155,465	140,684
Accrued expenses		12,831	11,871
Deferred revenue and restricted funds	10	887,149	359,008
Total Current Liabilities		1,055,445	511,563
Due to Development and Employment Fund		-	1,100
Net assets		1,883,784	1,640,455
Surplus from the revaluation of fixed assets		5,109	5,109
Total Liabilities and Net Assets		2,944,338	2,158,227

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL
PART OF THESE STATEMENTS.

JORDAN RIVER FOUNDATION

AMMAN - JORDAN

(ESTABLISHED BY A SPECIAL DECREE)

STATEMENTS OF ACTIVITIES

		For the Year Ended December 31,												
		2006												2005
	Note	Sales, Marketing and Design Department	Jordan River Design	Wadi Al-Rayan Project	Prevention Center	Jordan River Foundation	Bani Hamida	Social Productivity Program	Intervention Center	Business Development Services Project	Special Projects	Family Support Unit	Total	Total
Revenue:		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Sales		5,959	267,061	30,342	-	-	99,358	25,406	-	-	-	-	428,126	454,081
Donations		3,234	4,906	-	436,124	407,842	-	-	501,163	4,700	298,212	-	1,656,181	1,568,227
Revenue from activities		10,508	60	860	159,238	341,077	-	1,690	10,250	76,005	153,075	-	752,763	119,609
Reimbursement for staff costs		-	-	-	-	4,919	-	-	-	-	12,034	-	16,953	123,618
Other revenue		17,694	1,670		412	76,782	1,138	-	233	358	34,295	-	132,582	57,434
Total Revenue		37,395	273,697	31,202	595,774	830,620	100,496	27,096	511,646	81,063	497,616	-	2,986,605	2,322,969
Expenses:														
Cost of sales	11	-	197,401	27,222	-	-	120,375	-	-	-	-	-	344,998	290,429
Operating expenses		166,136	27,400	118	306,731	870,428	10,216	36,470	381,637	91,351	462,949	39,769	2,393,205	1,926,870
Total Expenses		166,136	224,801	27,340	306,731	870,428	130,591	36,470	381,637	91,351	462,949	39,769	2,738,203	2,217,299
Income (Loss) for the Year		(128,741)	48,896	3,862	289,043	(39,808)	(30,095)	(9,374)	130,009	(10,288)	34,667	(39,769)	248,402	105,670
Net assets-beginning of the year before adjustments		(280,665)	80,269	3,973	(5,610)	2,263,989	(109,460)	(53,222)	(280,190)	15,679	5,692	-	1,640,455	1,357,601
Prior years adjustments	12	(587)	(2,517)	(164)	50	3,400	(4,952)	(12)	(273)	(18)	-	-	(5,073)	177,184
Net assets - beginning of the year after adjustments		(1,789)	(92,996)	(8,402)	153,040	1,688,258	(188,919)	(30,500)	(63,965)	8,704	-	-	1,463,431	1,468,504
Net Assets - End of the Year		(409,993)	126,648	7,671	283,483	2,227,581	(144,507)	(62,608)	(150,454)	5,373	40,359	(39,769)	1,883,784	1,640,455

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE STATEMENTS.

JORDAN RIVER FOUNDATION
(ESTABLISHED BY A SPECIAL DECREE)
AMMAN - JORDAN
STATEMENTS OF CASH FLOWS

	For the Year Ended December 31,	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:	JD	JD
Income for the year	248,402	105,670
Adjustments:		
Fixed assets depreciation	133,941	91,440
Provision for doubtful debt	20,302	-
Provision for slow moving items	17,430	-
Prior years adjustments	(5,073)	177,184
Net Cash Flows from Operating Activities before Changes in Working Capital	415,002	374,294
Decrease (increase) decrease in accounts receivable	98,574	(91,635)
Decrease (increase) in inventory	30,468	(154,138)
(Increase) decrease in prepaid expenses and other debit balances	(17,522)	8,220
Increase in accounts payable and other credit balances	14,781	43,700
Increase in accrued expenses	960	10,461
Increase (decrease) in deferred revenue and restricted funds	528,141	(19,240)
Net Cash Flow from Operating Activities	1,070,404	171,662
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(128,787)	(134,321)
Net Cash Flows (used in) Investing Activities	(128,787)	(134,321)
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Decrease) in due to Development and Employment Fund	(1,100)	(6,776)
Net Cash Flows (used in) from Financing Activities	(1,100)	(6,776)
Net Increase in Cash	940,517	30,565
Cash on hand and at banks-beginning of the year	511,459	480,894
Cash on Hand and at Banks-End of the Year	1,451,976	511,459

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