Palestine for Credit and Development Company – (FATEN)
Non for Profit Private Shareholding Co.
Ramallah – Palestine

Independent Auditors' Report & Financial Statements
For the year ended December 31, 2009

Talal Abu Ghazaleh & Co.
Certified Public Accountants

Palestine for Credit and Development Company. (FATEN)
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Independent Auditors' Report

To M/s Shareholders
Palestine for Credit and development Company (FATEN)
Ramallah-Palestine

We have audited the accompanying financial statements of **Palestine for Credit and development Company (FATEN)**, which comprise the financial position as of December 31,2009, and statement of the comprehensive income, statement of changes in equity and 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 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 entity'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 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 **Palestine for Credit and development Company (FATEN)** as of December 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Talal Abu-Ghazaleh & Co.

Talal Abu-Ghazaleh & Co.

Jamal Milhem
Certified Accountant License# (100/98)
Ramallah, March 9, 2010

Palestine for Credit and Development Company. (FATEN)
Non for Profit Private Shareholding Co.
Ramallah – Palestine
Financial Position as of December 31, 2009

Exhibit "A"

	Note	2009 USD	2008 USD
Assets			
Cash and cash equivalents	(3)	1,910,303	4,554,218
Net loan portfolio	(4-2c)	15,464,117	10,449,569
Donors' Receivables		173,371	--
Discounted intrest on loans payable		216,675	57,000
Other current assets	(5)	46,096	40,655
Total current assets		**17,810,562**	**15,101,442**
Fixed Assets			
Cost		750,233	723,425
Accumulated depreciation	(6, e2)	(365,253)	(329,417)
Fixed assets - Net		**384,980**	**394,008**
Total assets		**18,195,542**	**15,495,450**
Liabilities and Owners Equity			
Current liabilities			
Short term loans	(7)	665,400	423,784
Unrealized interests and charges		1,522,812	967,710
Other Payables and accrued expenses	(8)	40,086	103,701
Total current liabilities		**2,228,298**	**1,495,195**
Long-term loans	(7)	1,947,371	783,216
Provision for employees' indemnity	(9)	902,698	789,197
Total long- term liabilities		**2,850,069**	**1,572,413**
Total liabilities		**5,078,367**	**3,067,608**
Owners Equity			
Paid-in capital		10,000	10,000
Accumulated donations	(10)	15,179,533	14,945,460
Accumulated losses		(2,072,358)	(2,527,618)
Total Owners Equity		**13,117,175**	**12,427,842**
Total Liabilities and Owners Equity		**18,195,542**	**15,495,450**

"The accompanying notes constitute an integral part of this statement"

Palestine for Credit & Development Company (FATEN)
Non for Profit Private Shareholding Co.
Ramallah – Palestine
Statement of Comprehinsive Income for the year ended December 31, 2009

Exhibit "B"

	Note	2009	2008
Revenues		**USD**	**USD**
Interest on loans		1,508,669	972,292
Profit on Morabaha		294,082	106,823
Commission revenues		1,307	2,047
Fees on loans		312,893	224,403
Provision for loan losses		(473,882)	(543,370)
Net interest income		**1,643,069**	**762,195**
Other operating revenues			
Collection of loans previously written-off		33,177	36,437
Application fees		16,284	13,956
Penalty fees and others		707	1,578
Bank interests		11,323	103,653
Consulting and MIS sales		--	563
Other revenues	(11)	106,545	8,568
Total other operating revenues		**168,036**	**164,755**
Total operating revenues		**1,811,105**	**926,950**
Operating and administrative expenses	(12)	(1,355,845)	(1,227,808)
Net operating profits (losses) – Exhibit "C"		**455,260**	**(300,858)**
Grants to subsidies operations – Exhibit "C"	(10)	184,473	398,098
Net profit after grants		**639,733**	**97,240**
		=========	=========

"The accompanying notes constitute an integral part of this statement"

Palestine for Credit & Development Company. (FATEN)
Non for Profit Private Shareholding Co.
Ramallah – Palestine
Statement of Changes in Owners Equity for the year ended December 31, 2009

Exhibit "C"

December 31, 2009	**Paid in capital USD**	**Accumulated donations USD**	**Accumulated Losses USD**	**Total USD**
Balance as at 01/01/2009	10,000	14,945,460	(2,527,618)	12,427,842
Donations recorded directly to financial position	--	49,600	--	49,600
Donation Grants recorded directly to income statement	--	184,473	--	184,473
Net operating profit for the year	--	--	455,260	455,260
Balance as at 31/12/2009	**10,000**	**15,179,533**	**(2,072,358)**	**13,117,175**
	=========	=========	=========	=========
December 31, 2008				
Balance as at 01/01/2008	4,080	14,430,713	(2,226,760)	12,208,033
Increase of paid capital	5,920	--	--	5,920
Donations recorded directly to Financial position & in-kind contribution	--	116,649	--	116,649
Donation Grants recorded directly to income statement	--	398,098	--	398,098
Net operating loss for the year	--	--	(300,858)	(300,858)
Balance as at 31/12/ 2008	**10,000**	**14,945,460**	**(2,527,618)**	**12,427,842**
	=========	=========	=========	=========

"The accompanying notes constitute an integral part of this statement"

Palestine for Credit & Development Company. (FATEN)
Non For Profit Private Shareholding Co.
Ramallah – Palestine
Cash Flows Statement for the year ended December 31, 2009 *Exhibit "D"*

	Note	2009	2008
Operating activities		**USD**	**USD**
Net operating profit (loss) – Exhibit - B		455,260	(300,858)
Adjustments to reconcile changes in net assets during the year to net cash used for (provided from) activities Non cash items			
Depreciation expenses	(6)	42,441	41,920
Provision for loan losses	(4f)	473,882	543,843
Written-off loans	(4d)	(56,140)	(75,117)
Gain on sales of assets		(138)	(6,430)
Provision for employees' indemnity	(9)	162,004	224,557
Changes in current assets and current liabilities:			
Net increase in loan portfolio		(5,432,290)	(5,132,131)
Donors receivables		(173,371)	--
Increase in other current assets		(5,441)	(8,286)
Discounted interest on loans payable		(159,675)	--
Unrealized interest changes		555,102	--
Increase (Decrease) in other payables and accrued expenses	(7)	(63,615)	559,931
Employees' indemnity paid	(9)	(48,503)	(178,334)
Net cash flows (used by) provided from operating activities		**(4,250,484)**	**(4,330,905)**
Cash flows from investing activities:			
Purchase of fixed assets	(6)	(33,629)	(39,110)
Proceedes from sale of fixed assets		354	7,258
Net cash used by investing activities		**(33,275)**	**(31,852)**
Cash flows from financing activities			
Increase in Capital		--	5,920
Donations and grants	(10)	234,073	514,747
Loans		1,405,771	950,000
Net cash provided from financing activities		**1,639,844**	**1,470,667**
Net (decrease) in cash and cash equivalents		(2,643,915)	(2,892,091)
Cash and cash equivalents beginning of year	(3)	4,554,218	7,446,309
Cash and cash equivalents ending of year	**(3)**	**1,910,303**	**4,554,218**
		=========	=========

"The accompanying notes constitute an integral part of these financial statements"

1. Background:

a. Palestine for Credit and Development Company (FATEN) was part of Save the Children Federation – West Bank and Gaza. On July 14, 1998, FATEN was registered as a Private limited liability not for Profit Corporation in Gaza under registration number 563124478 in accordance with the Companies' Law of 1929. FATEN has commenced its operations on March 1, 1999.
FATEN has branches in Ramallah, Hebron, Beithlihem, Nablus, Jenin, Tulkarem, Qalqilia, Gaza, Jabalya and Rafah,

b. FATEN's authorized paid capital is 10,000 USD as of the financial statements date at par value USD 1 each share.

c. The governmental controlling party is the Ministry of Economy.

d. The main objectives of FATEN are the following:
   - Providing Palestinian micro-entrepreneurs with sustainable access tofinancial services.
   - Offering diverse credit products and other financial services.
   - Achieving qualitative and effective capacity and clients' services.
   - Becoming financially sustainable institution.

e. The number of employees of the company is 62 as at December 31, 2009 (55 employees at December 31, 2008)

f. These financial statements were approved by the board of directors on 28 March 2010.

2. Significant accounting policies:

a. Basis of preparation:

The financial statements have been prepared under the historical cost convention, in accordance with International Financial Reporting Standards, as published by the International Accounting Standards Boards (IASB), except for interest on group loans, which are accounted for when received, rather than when earned. The management changed the loans receivable provision policy as declared on note (2, c).

b. Use of Estimates:

The preparation of the financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect reported assets and liabilities as well as reported income and expenses for each year. A material estimate that is particularly susceptible to significant changes relates to the determination of provisions for loan losses.

c. Loans receivable:

Loans are reduced by the provision for doubtfull loans. Management evaluation the adequacy of the provision for doubtfull loans regularly. Factors considered in evaluating the adequacy of the provision include the size of the portfolio, previous loss experience, current economic conditions and their effect on clients, and the performance of individual loans in relation to contract terms. The provision for doubtfull loans charged to expenses is based on management's judgment of the amount necessary to maintain the allowance at a level adequate to absorb losses.

The timetable of the loans will be taken in consideration:

Loan status	Provision percentage
1 to 30 days overdue	10%
31 to 60 days overdue	50%
61 to 90 days overdue	75%
91 to 180 days overdue	100%

b. The provision for loan losses is being evaluated on a monthly basis in order to have enough provision to face the expected loss from doubtful loans. The company used the percentages of 12% in 2007 (8% in 2006) of the total portfolio, and the company used the same rate in 2008 till mid 2009.

The management will use one of the two choices (a or b) based on the qualified conclusions, which is higher.

2. FATEN is not a licensed financial intermediary, therefore; its provision policy is based on management's analysis of the historical performance of the overdue portfolio, age by the same categories rather than on Palestine Monetary Authority Regulation.

Written-off loans are charged against the provision for loan losses when management believes that the principal is unlikely to be collected, and is being monitored separately from portfolio.

d. Types of Loans and guarantee:

These items consists the types of loans:

- Performance loans: the group guarantees
- Individual, Individual II, Morabaha, Housing and Family guarantee: is salary guranteed transfer and sponsor person, gold and post dated checks.
- NGOs and its staff loan the guarantee as provision for employees' indemnity and Provident fund.

e. Fixed assets:

Fixed assets are stated at cost on the date of acquisition or, in the case of gifts, at fair market value at date of donation. Depreciation is computed on a straight-line basis over the useful lives of the property and equipment using the following annual depreciation rates:

- Building 2%
- Computers 20-25%
- Furniture and equipment 15%
- Office equipments 15%
- Vehicles 15%

The carrying values of property and equipment are 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 values exceed the estimated recoverable amount, the assets are written down to their recoverable mount.

f. Interest Revenues:

- FATEN used accrual basis to calculate the credit interest for all loans, and then calculated the interest rate as time average basis after take the amount of balance and interest. Except group loans, because it is less than six months, so the interest will be smaller. After three months of accrued installment payment, no interests will be calculating for individual loans.
- There are no specific policies for rescheduling outstanding loan.

g. Donations:

- Donations to subsidize operating and administrative expenses are recorded in the statement of income as grant income.
- Donations to finance lending operations or the purchase of fixed assets are shown as direct additions to equity and the corresponding asset account.

h. Expenses recognition:

Expenses are recognized when incurred based on the accrual basis of accounting.

i. Employees indemnity:

FATEN provides for employees' end of service benefits by accruing for one-month

compensation for each year of service based on the last salary paid during the year, in accordance with labor law prevailing in Palestine. FATEN also provides employees a provident fund. Total contributions by the employees and FATEN are set at 10%, each based on the employees' basic monthly salaries.

j. Foreign currency transactions:

The books of accounts are maintained in US Dollars (USD) Transactions which are denominated in other currencies are converted into (USD) using the prevailing exchange rates at the date of the transactions.

Monetary assets and liabilities, which are denominated in foreign currencies, are translated into USD using the prevailing exchange rates at the financial position date. Exchange differences arising from these translations are recorded in the statement of income.

Exchange rates against (USD) as of the financial position date were as follows:

	2009	**2008**
	USD	**USD**
- JD	1.408	1.408
- NIS	0.267	0.263

3. Cash and cash equivalents:

a. This item consists of:

	2009	**2008**
	USD	**USD**
Cash on hand	3,068	1,843
Cash at banks – NIS	21,171	14,206
Cash at banks – JD	95,367	106,900
Cash at banks – USD	1,014,517	1,083,997
Deposit at banks – USD	56,819	2,668,349
Deposit at banks – JD	--	61,391
Total	1,190,942	3,936,686
Deposits restricted for employees' Indemnity - b	719,361	617,532
Total	**1,910,303**	**4,554,218**

b. Bank deposits at local banks in Palestine are short term in nature, (less than 3 months) with an average interest rate of 0.5% - 1% for deposits in USD.

4. Net loan portfolio:

a. By type of loans:

	2009 USD	2008 USD
Housing loans	2,185,633	2,624,985
Family loans	5,525,095	3,539,418
Start up loans	3,474,675	2,203,706
Morabaha	4,826,481	2,607,314
Group loans	796,226	508,219
Pioneer loans	125,508	--
Sub-total	16,933,618	11,483,642
FATEN employees' loans	195,001	184,123
NGOs' employees' loans	40,849	69,413
Total	**17,169,468**	**11,737,178**
Provision for loan losses	(1,705,351)	(1,287,609)
Loans portfolio – net	**15,464,117**	**10,449,569**

b. The amount of USD 17,169,468 includes the amount of USD 95,475 as loans with accrued installments over 90 days recording without the accrued interest for the period after the 90 days.

c. Loans by geographical area:

	2009			2008		
Area	Outstanding balance USD	Provision for Loan losses USD	Net realizable value USD	Outstanding balance USD	Provision for Loan losses USD	Net realizable value USD
North Area – West Bank	7,795,395	(580,048)	7,215,347	5,449,010	(392,042)	5,056,968
South area – West Bank	6,737,159	(556,332)	6,180,827	4,564,624	(450,924)	4,113,700
Central area – West Bank	235,780	--	235,780	253,466	--	253,466
Gaza	2,401,134	(568,971)	1,832,163	1,470,078	(444,643)	1,025,435
Total	**17,169,468**	**(1,705,351)**	**15,464,117**	**11,737,178**	**(1,287,609)**	**10,449,569**

d. The movement in the loans receivable during 2009 was as follows:

Description	Beginning balance USD	Issued USD	Repaid USD	Loans written-off USD	Ending balance USD
"Al-Qard Al-Hasan	70	--	--	--	70
"Morabaha "	2,607,314	4,077,196	(1,858,029)	--	4,826,481
Start up loans	2,203,706	4,266,433	(2,995,464)	--	3,474,675
Family loans	3,539,417	4,926,175	(2,940,697)	200	5,525,095
Housing loans	2,624,986	1,768,182	(2,207,535)	--	2,185,633
Group loans	508,219	1,255,999	(898,424)	55,940	921,734
Employees' loans	184,053	129,786	(118,908)	--	194,931
NGO's employees' loans	69,413	20,190	(48,754)	--	40,849
Total	**11,737,178**	**16,443,961**	**(11,067,811)**	**56,140**	**17,169,468**

e. FATEN has loans for related party (BOD members, with USD 13,618), and employee loans are Guarantee with end of services, indemnity and provident fund.

f. The movement in the provision for loans losses during the year was as follows:

Description	2009 USD	2008 USD
Balance, beginning of year	1,287,609	818,883
Additions during the year	473,881	543,843
Written-off loans	(56,140)	(75,117)
Total	**1,705,351**	**1,287,609**

g. The loan portfolio as at Dec. 31, 2009 distributed by maturity as follows:

Description	2009 USD	2008 USD
Up to one year	6,993,357	6,221,991
From one year to 2 years	6,206,204	4,150,625
Over two years	3,969,907	1,364,562
Total	**17,169,468**	**11,737,178**

h. Collection of written-off:

- The management of FATEN wrote-off loans totaling USD 637,505 during the years 2000 up to 2009.
- The collected amount of written-off loans totaling USD 390,116 during the same period which is 61% of total weitten off louns.
- the Balance of written-off loans as at December 31, 2009 was USD 247,389.

i. 99% of the outstanding portfolio currency is USD but some of the loans such as group loans currency is JOD compared with fixed exchange rate against USD.

5. Other current assets:

This item consists of:

Description	2009 USD	2008 USD
Prepayments	11,699	11,130
Accrued bank interests	--	1,960
Interest receivables	34,397	27,564
Total	**46,096**	**40,655**

6. Fixed assets

This item consists of:

Description	Buildings USD	Computers USD	Furniture equipments USD	Office equipments USD	Vehicles USD	Total USD
At cost:						
Balance as at 1/1/2009	319,846	107,197	75,559	143,740	77,083	723,425
Additions	--	13,160	4,416	16,053	--	33,629
Disposals	--	--	(3,844)	(2,977)	--	(6,823)
Balance as at 31/12/2009	**319,846**	**120,357**	**76,131**	**156,816**	**77,083**	**750,233**
Accumulated depreciation						
Balance as at 1/1/2009	(56,151)	(82,626)	(54,513)	(110,364)	(25,763)	(329,417)
Depreciation	(6,397)	(9,245)	(5,384)	(9,852)	(11,563)	(42,441)
Disposals	--	--	3,639	2,966	--	6,605
Balance as at 31/12/2009	**(62,548)**	**(91,871)**	**(56,258)**	**(117,250)**	**(37,326)**	**(365,253)**
Net book value as at						
31/12/2009	**257,298**	**28,486**	**19,873**	**39,566**	**39,757**	**384,980**
31/12/2008	**263,695**	**24,571**	**21,046**	**33,376**	**51,320**	**394,008**

7. Loans

a. On March 19, 2009 a loan agreement with an amount of USD 500,000 has been signed between the United Nations Development program (UNDP) and Palestine for Credit and Development (Faten). In order to support and serve the low-income Palestinian families, with an average loan size not exceeding USD 3,500 and a maximum loan size not exceeding USD 7,000 according to Islamic Micro-finance tools, approach, procedures, and forms certified and approved by the UNDP. This loan amount plus USD 30,000 service fees must be settled within three years, from April 1st , 2009 till April 1st , 2012.

b. On August 10th, 2009 a loan agreement with an amount of USD 500,000 has been signed between the United Nations Development program (UNDP) and Palestine for credit and development (Faten). In order to support and serve the low-income Palestinian families, with an average loan size not exceeding USD 3,500 and a maximum loan size not exceeding USD 7,000 according to Islamic Micro finance tools, approach, procedures, and forms certified and approved by the UNDP. And this loan amount Plus USD 30,000 service fee must be settled within three years, from September 1st , 2009 till September 1st, 2012.

c. On April 14, 2009 a loan agreement has been signed between “Kiva” for small enterprise fund, a US NGO located in California, and Palestine for Credit and Development (Faten). This project aims to provide loans to individuals and groups in West Bank and Gaza through using “Kiva” website with an average loan size not exceeding USD 3,000 and with a total monthly loans not exceeding USD 50,000 taking into consideration that “Kiva” does not charge any fees or commissions according to the agreement.

d. On November 11, 2009 an agreement has been signed between “OXFAM NOVIB” a notherlands foundation represented by “Triple Jump B.V.” Ltd “Holand” and Palsetine for Credit and Development “Faten”, this agreements aims to provide loans to small and micro businesses. The a mount of this loan is 350,000 Euros equivalent to USD 524,125 and will be paid no later than November 30, 2012 with an interest rate of 7.75% which will be repaid in semi-annual installments starting from May 31, 2010 and the principal will be repaid in two installments starting from May 31, 2012.

8. Other payables and accrued expenses:

This item consists of:

	2009	**2008**
	USD	**USD**
Customers' savings liability	10,268	13,077
Accrued audit fees	4,240	4,212
Others	25,578	86,412
Total	**40,086**	**103,701**

9. Provisions for employees' indemnity:

This items consists of:

	Beginning Balance	**Additions**	**Payments**	**Ending Balance**
	USD	**USD**	**USD**	**USD**
Provident fund	532,262	111,490	(34,886)	608,866
End of service benefit	256,935	50,514	(13,617)	293,832
Total	**789,197**	**162,004**	**(48,503)**	**902,698**

10. Grants and donations

This item consists of::

	2009		2008
	UNDP/ Deep Project USD	Total USD	Total USD
Donations recorded directly to balance sheet	49,600	49,600	109,654
Grants to subsidize Operations	184,473	184,473	398,098
In-kind contribution	--	--	5,277
Save children Accumulated donations	--	--	1,718
Total	**234,073**	**234,073**	**514,747**
Old loans collected accumulated donation as at 1/1/2009	**--**	**14,945,460**	**14,430,713**
Accumulated donations as at Dec. 31, 2009	**--**	**15,179,533**	**14,945,460**
	========	========	========

11. Other revenues

This item consist of:

	2009 USD	2008 USD
Ravenues from closing credit portfolio	106,407	2,138
Revenues form sale of fixed assets:	138	6,430
Total	**106,545**	**8,568**
	========	========

12. Operating and administrative expenses:

a- This item consists of:

	2009 USD	2008 USD
Salaries and related benefits	779,581	755,867
Professional fees	11,935	22,483
Stationery and office supplies	23,021	17,896
Communication	24,202	29,888
Transportation and auto operations	81,260	66,377
Occupancy costs	70,597	73,614
Equipment rental and maintenance	6,882	9,703
Depreciation	42,441	41,920
Bank charges - b	289,831	186,460
Loss on foreign currency	2,108	622
Other expense	23,987	22,978
Total	**1,355,845**	**1,227,808**
	========	========

b- Bank charges are charges paid to the bank for restricting the barrower's salary and it is charged to the barrowers as application frees.

13. Fair value of financial instruments:

- Financial instruments comprise of financial assets and financial liabilities.
- Financial assets consist of cash and cash at banks and loans receivable.
- Financial liabilities consists payables and accruals.
- The fair value of financial instruments is not materially different from their carrying values.

14. Main assets and liabilities according to geographical distribution:

This item consists of:

	2009			2008
	West Bank	**Gaza Strip**	**Total**	**Total**
	USD	**USD**	**USD**	**USD**
Cash and cash equivelants	1,766,578	143,725	1,910,303	4,554,218
Net loan portfolio	13,631,955	1,832,162	15,464,117	11,737,178
Other current assets	434,832	1,309	436,141	40,655
Fixed assets (net)	311,815	73,165	384,980	394,008
Other payable & accrued expenses	(40,086)	--	(40,086)	(1,071,411)
Unrealized revenues	1,349,295	173,517	1,522,812	--
Long term loan	--	--	--	(783,216)
Short term loan	--	--	--	(423,784)

15. Distribution of loans, Portfolio according to sectors:

This item consists of:

Sector	**Active loans** USD	**Precentage of sector from portfolio** %
Public Trade	3,201,126	21%
Services	3,956,652	26%
Production	3,544,633	23%
Agricultural	855,666	5%
Personal	3,226,554	21%
Housing	679,486	4%
Total	**15,464,117**	**100%**
	========	========

16. Risk management policies:

a. Intrest risk:

The company faces interest risk on the short term deposits intrest (Note 3).

b. Liquidity risk:

Liquidity risk is the risk from the inability of providing the necessary funds to meet the financial obligations on the maturity date and its operation costs.

c. Foreign currency risk:

Most of the assets and liabilities balances, revenues, grants contribuations and expenses are in U.S Dollar.

d. Credit risk:

The company management minimizes the financing risks through obtaining suffecient collatrals and guarantee eg. deferred checks and promissory notes and transferred salaries.

17. Concentration of risk in geographical area:

FATEN is carrying out all of its activities in Palestine. The political and economical destabilization in the area increases the risk of carrying out these activities and adversely affects the performance.

18. General

Certain comparative figures have been reclassified to comply with this year financial statements presentation.