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Global Pharmaceutical Sector:

Overview

The Global Pharmaceutical Market has found itself among the most stable and profitable industries, experiencing an accelerated growth pattern over the past decade. This sector grew from USD602 billion in 2005 to USD643 in 2006, a 7% increase. It is anticipated that this trend will continue given the advances in R&D, the growth in global health care in general, and the major demographic shifts (primarily an increasing elderly population). The progressive ability of the industry to offer pioneering cures for a range of diseases and the increased marketing and awareness have all been additional forces for the industry centering around a global demand for enhanced quality of life.

As demonstrated in the table below, the International pharmaceutical industry is lead mainly by North America, West Europe, and Japan, each with a global market share of 47.7%, 29.9% and 9.3% respectively.

World Audited Market	2006 Sales (US\$) billion	% Global Sales	% Growth Year-over-Year (Constant US\$)
North America	\$289.90	47.70%	8.00%
Europe	181.8	29.9	4.8
Japan	56.7	9.3	-0.7
Asia, Africa and Australia	52	8.6	9.8
Latin America	27.5	4.5	12.9
Total IMS Audited*	\$607.9	100%	6.5%

*Source: IMS, Excludes unaudited markets. Sales cover direct and indirect pharmaceutical channel in U.S. dollars from pharmaceutical wholesalers and manufacturers. The figures above include prescription and certain over-the-counter data and represent manufacturer prices. Totals may not add due to rounding. IMS is a pharmaceutical information and consulting company.

Although developed countries are finding themselves controlling a lead majority of 86.9% of the world drug market, their growth cycle has suffered a slow down, especially in Europe and North America. Emerging markets such as China, Russia, South Korea and Mexico outpaced those markets in growth, at a whopping 81%. In addition, while emerging markets share remains small of the total international marketplace, most of the growth is expected to come from these markets.

In recent years, the dominant drug companies have experienced an innovation drought. This was a main contributor to their slow growth since their revenues depend on branded propriety drugs. On the other hand, countries such as Japan have shined in recent years in terms of innovation and contributed to best seller drugs around the world.

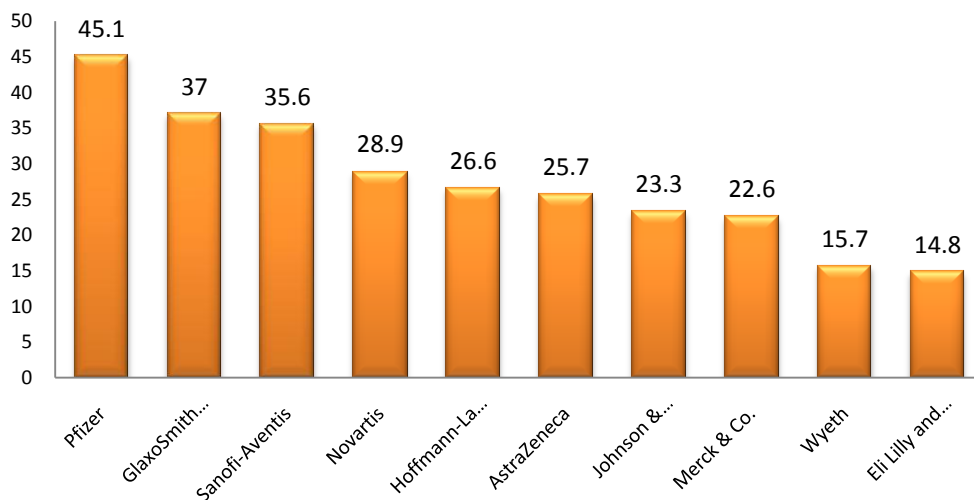
Market Sectors

The industry is widely fragmented, and includes three main sectors: Ethical (Prescription), OTC's (over-the-counter) and Biopharmaceuticals. These fragments fall in two main categories: Branded and Generic. Prescription pharmaceuticals account for the majority of the total world market with over 70% of the sales, and that is where most of the developed markets control market share. This sector is under constant pressures from the generic and biopharmaceuticals sectors. For the first time ever, the global spending on prescription drugs surpassed USD600 billion, even with the slow growth in the European and North American Markets.

The top earners and spenders in the prescription sector of the global pharmaceutical markets are suffering from increased generic pressures and a drive by health funders to reign on costs, especially in R&D projects and Marketing. From an earnings point of view, as generic drugs emerge with the expiration of patents on branded drugs, generic drugs are created and released by competing companies, causing the prices to drop dramatically and hence affect earnings. This is where developing countries are gaining advantage and acquiring market share from the top contenders by focusing their capital spending on generic drug manufacturing; an evident example is the Jordanian pharmaceutical industry discussed shortly.

As of 2006, around 44% of the global pharmaceutical sales were controlled by the top ten pharmaceutical companies in the world. Those companies are listed below by rank in sales and market share. They further dominated USD275.3 billion of the global sales of pharmaceutical products.

2006 Sales Figures (billion)



In spite of this domination by large cap companies, the share they hold has actually declined over the past 2 years. In 2004 the top ten leading pharmaceutical companies controlled a market share of 48.2% compared to 44% in 2006; this shows a drop of 8.7% in their market share over the two year period. This clearly resembles the effect of the pressure brought about by competition from emerging markets. While patents further expire, more room is left for generic producers to have a larger stake in the marketplace.

Global Positioning

Following are key ratios from five of the top leading companies in the global pharmaceutical industry.

Ratio	Pfizer	GlaxoSmith Kline	Novartis	AstraZeneca	Merck & Co.
Gross Profit Margin	88.0%	82.2%	76.9%	84.0%	82.4%
Asset Turnover	0.4	0.9	0.6	1.0	0.5
Return on Invested Capital	24.1%	36.9%	18.0%	41.2%	19.2%
Return on Assets	16.9%	20.6%	10.8%	20.9%	10.7%
R&D as % of Revenue	15.7%	14.9%	15.3%	15.4%	21.2%
12 Month Normalized P/E Ratio	13.7	13.8	18.1	13.6	22.5

*Latest 12 Months Data Items.

*Quarter Ending 2007/03. Source: Forbes

*From left to right (NYSE Ticker: PFE,GSK,NVS,AZN,MRK)

All the top leaders share common grounds in spending on Research & Development at an average of 15% of total revenue except Merck & Co at 21.5%. This may be attributed to the pressures that large caps have from competition to maintain their market shares and long-term continuity of their businesses. In addition the gross profit margins of all five companies is in the 80% range except Novartis sitting at 76.9%, and that is largely due to economies of scale in production and operations.

In terms of the 12 month Normalized P/E ratio, Pfizer, GlaxoSmithKline and AstraZeneca have an almost consistent ratio at 13.7, 13.8 and 13.6 respectively. Novartis sits at a slightly higher P/E ratio 18.1, and Merck & Co. leads at 22.5.

Quite a few mergers and acquisitions also occurred over the past decade which have altered the pharmaceutical companies standings worldwide, some of which are listed below:

Year	Companies	New Name
2005	Fujisawa + Yamanouchi	Astellas Pharma
2004	Sanofi-Synthelabo + Aventis Pharma	Sanofi-Aventis
2003	Pfizer + Pharmacia	Pfizer
2001	BASF Pharma/Knoll + Abbott	Abbott
2000	Glaxo Wellcome + SmithKline Beecham	GlaxoSmithKline
2000	Pfizer + Warner Lambert	Pfizer
2000	Pharmacia & Upjohn + Searle	Pharmacia
1999	Phone-Poulenc Rorer + Hoechst Marion Rousssel	Aventis
1999	Astra + Zeneca	AstraZeneca
1997	Nycomed + Amersham	Nycomed Amersham*
1996	Ciba Geigy + Sandoz	Novartis

*Nycomed was later sold out , *Source: LMI

The Pharmaceutical industry is progressively attracting companies in emerging countries such as Brazil, Russia, India and China (BRIC) and those are current contenders aiming for a larger share of the Pharmaceutical market. Due to minimal capital spending on product research and development relative to the market leaders, such companies have a greater opportunity of growth mainly in the generic sector, rather than the prescription sector. It is clear that it will take longer time for the BRIC country's companies to develop and gain market share in the branded sector. In 2006, it was estimated that those countries spent a combined USD266.2 billion on their total health care systems, which was roughly equal to the yearly spending by Germany only. The US total health expenditure stood at USD 2.1 trillion.

China, out of the BRIC countries, had the largest health expenditure at USD137 billion in 2006. This amount is similar to the total spending by Canada. The fastest projected growth is in India at a strong 15.3%, while the slowest is in Brazil, at 3.7%. Brazil's pharmaceutical market value reached USD7.9 billion from January to September of 2006, and this was a growth of 5.4% compared to the same period in 2005. Russia's market value was estimated at USD5.1 billion in 2006.

Regional Pharmaceutical Sector

In the Arab world the pharmaceutical sector, with more than 250 pharmaceutical manufacturing firms, is relatively small. This sector comprises of around 0.7 percent of the world's pharmaceutical production. It witnessed substantial growth in a number of Arab countries throughout the 1990s and early 2000. The pharmaceutical sector in the Arab world topped \$6 billion in 2005.

Large Regional Publicly Traded

Company	Country	Net Profit (USD Mill)	Net Profit Growth
Hikma Pharmaceuticals	Jordan	55	24.29%
Pharco Pharmaceuticals	Egypt	46	47.21%
Egyptian International Pharmaceuticals Industries Company	Egypt	34	21.36%
Saudi Pharmaceutical Industries and Medical Appliances	Saudi Arabia	28	9.24%
Gulf Pharmaceutical Industries	UAE	18	-42.96%
Medical Union Pharmaceuticals	Egypt	17	12.53%

The pharmaceutical industry in various Arab countries differs in characteristics. The GDP per Capita, historical expertise, and population size categorize the industry in the respective countries. In Syria and Egypt, the markets have tended to depend on products manufactured locally due to the large populations and low GDP per capita with a small percentage remaining for exports. Morocco is a special case as it chose to partner with foreign (mainly European) companies since the 1960s and currently produces more than 90% of its drugs locally. Jordan on the other hand, is a small country with limited potential to attract foreign partnerships in the 1960s and 1970s due to its small population. The alternative was to concentrate on generics and build quality into every product made so as to eventually make a sector that is export oriented today.

The GCC has the benefits of high GDP per capita with countries like Saudi Arabia and UAE starting the local pharmaceutical industry at a later stage, but currently produce a substantial amount of local consumption (Saudi Arabia producing about 25% of the local consumption). It is worth mentioning that the pharmaceutical sector in both Algeria and Tunisia, although varying in rules and regulations from the rest of the Arab countries, currently meets between 40% and 44% of the local market consumption.

Pharmaceutical Sector in Jordan:

Overview

The Jordanian pharmaceutical industry comprises of 0.05% of the world pharmaceutical market, with turnover of JD320 million for 2006. The industry directly and indirectly employs around 8,000 across pharmaceutical firms and institutions, including manufacturing, research and wholesale. Since 1991, Jordan's exports in this sector have increased from JD35 million to reach JD255 million in 2006. The pharmaceutical sector is a key contributor to the country's export economy.

The pharmaceutical sector in Jordan was first established in the early 1960's, with the first manufacturer, the Arab Pharmaceutical Manufacturer, launching production in 1962. Followed by Dar Al Dawa in 1975 and Hikma Pharmaceuticals in 1977. Although there were some companies established in the 1980s, the bulk of the investments came in the 1990s.

Publicly Traded Pharmaceutical Companies in Jordan

Company Name	Abbreviation	Established Year	Registered Capital (Million JD)	Market Cap (Millions)	Number of Employees
The Arab Pharm. Mfg. Co. Ltd	APM	1962	20	84.0	787
Dar Al Dawa Development & Invst. Co.	DADI	1975	20	92.6	630
Hikma Pharmaceuticals	HIKMA	1977	£4.185	£699.47	2,443
The Jordanian Pharm Mfg. Co.	JPM	1978	20	32.2	454
Arab Center for Pharm. & Chem.	ACPC	1983	5	8.15	135
Hayat Pharm. Ind. Co. Ltd.	HAYAT	1993	9.50	13.78	107
Middle East Pharmaceutical and Chemical Industries Company	MID	1993	9.87	31.38	249

This sector in Jordan currently has 17 registered pharmaceutical companies with a capital investment of \$500 million. It employs 3.5% of the manufacturing employment and makes up 7.2% of Jordan's manufacturing exports. It is also the 3rd largest export earner industry after clothing and fertilizers. Over 70% of the pharmaceutical sector's total production is exported, penetrating over 60 countries worldwide. Total sales of Jordanian pharmaceutical companies have witnessed a 15% increase between 2000 and 2005. Jordan's consumption of pharmaceutical products amounted to JD258 million in 2004 and consumption of drugs increased from JD32 per capita in 2000 to JD42 per capita in 2006.

The pharmaceutical manufacturers in Jordan mainly produce branded generic drugs. The market is dominated by generic medicines, which currently account for 90% of total market. As the country's Research and Development base expands, this is expected to fall. Expenditure of the pharmaceutical industry on R&D has increased from 2.8% of total sales in 2000 to 5.1% of total sales in 2004. Due to the fact that the local companies concentrate their production on generics, 5% is where the R&D has been hovering around for the last two years.

R&D Expenditure

Year	2000	2001	2002	2003	2004
% of Sales	2.8%	2.1%	2.8%	3.1%	5.1%

Source: JAPM

Over the past two decades, Jordan's health care system has enhanced significantly. Jordan is well-known by its excellent performance in many fields in the health sector. This has benefited the entire health industry. Life expectancy in Jordan is higher than most developing countries, averaging 69 and 73 for men and women, respectively. A contributory factor to the increase of the average life span has been the decline in infant mortality rates. Together the government and the private sector in Jordan are dedicated to advancing and modernizing the healthcare provision. Health conditions in Jordan are among the best in the Middle East. The total expenditure in Jordan on health represented 8.5% of the budget in 2004 and health expenditure contributed 2.9% to GDP. All these factors will increase the healthcare spending which will affect the pharmaceutical industry positively.

Health Expenditure Indicator

JD Million

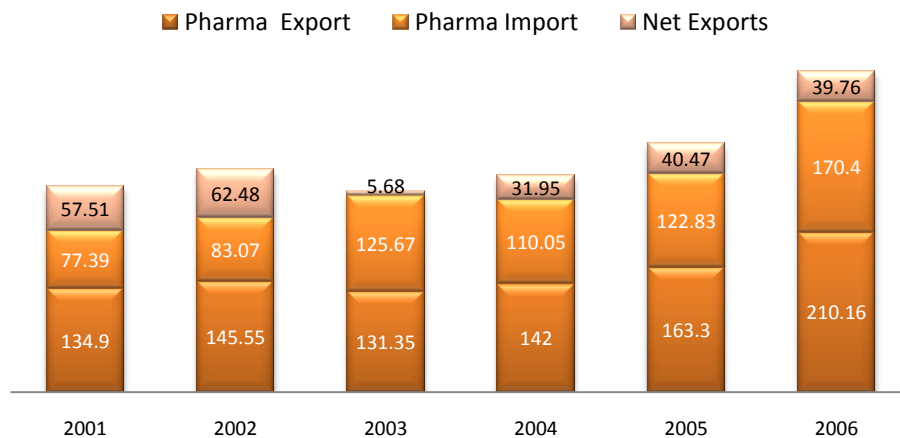
Indicator	2005	2006	2007	2008	2009	2010	2011
Pharma Market Size	221	251	289	317	348	380	414
Per Capita Spending	40	43	47	50	54	57	61

Source: Awraq Forecasts

Trade

The Jordanian pharmaceutical industry is one of Jordan's largest and most important industries. This sector is export driven due to its high quality and excellent reputation. It penetrates more than 60 countries worldwide and was the third largest exports earner for the country in 2006. Total pharmaceutical exports in 2006 reached JD210 million, showing an increase of 23% from the previous year. In the first 6 months of 2007, export of pharmaceutical products amounted to almost USD174 million

Exports and Imports of Pharmaceutical Products (JD million)



Currently, Jordan exports about 70-80% of its total pharmaceutical production. Arab countries are the main export destination for Jordanian pharmaceuticals, representing around 90% of total exports. The Jordanian pharmaceutical industry has well-built export relations with North Africa, mostly Algeria and Libya, as well as other markets such as Saudi Arabia and Iraq. Jordanian pharmaceutical exports have increased from JD29 million in 1990-1991 to reach JD210 million in 2005-2006.

Major Export Markets

JD Million

Country	2000	2001	2002	2003	2004	2005	2006
Saudi Arabia	24	35	41	40	49	60	72
Iraq	41	29	28	7	13	15	7
Algeria	10	15	24	21	34	46	39
Sudan	6	5	7	9	11	14	16
Libya	8	7	6	5	6	7	6
Yemen	4	4	5	6	7	8	9
UAE	4	5	5	6	7	8	10
Germany	0	11	5	5	3	4	2
Lebanon	1	3	4	4	6	8	10
Tunisia	2	3	3	3	2	2	2
Egypt	3	3	2	2	2	2	3
Oman	2	2	2	2	2	3	4
Total	105	122	132	110	142	177	180

Source: Department of Statistics

In 2003, due to the war in Iraq, Jordan's pharmaceutical industry lost its largest export market and total exports dropped by almost 11%. Nevertheless, in the years 2004 and 2005 pharmaceutical exports recovered gradually with an increase of 8% and 15% to reach JD142 million and JD163 million respectively. Jordan's generic pharmaceutical companies have adopted stronger Intellectual Property protection laws to gain new export markets.

Exports are developing driven by the return of Iraq as a market as well as the gradual loosening of trade limitations in Egypt. These factors are key drivers behind the booming export pharmaceutical market. In spite of the export expansion, the local market is still reliant on imports. Locally manufactured pharmaceuticals cover just 30% of the local market's demand, as they are unable to compete with the variety offered by larger international drug makers. In 2006 Jordan imported pharmaceuticals valued at JD170 million. The EU and Switzerland were the leading suppliers in 2005, accounting for 75.4% of the market.

Pharmaceutical Employment:

The pharmaceutical sector plays a significant role in the domestic employment in Jordan. The sector directly and indirectly employs around 8,000, where close to 5,000 are employed directly in the pharmaceutical field. This sector is the highest paid sector in terms of average monthly wages. Employment as a whole in the pharmaceutical sector has more than doubled between 1992 and 2006 where 2,000 people were employed directly in 1992.

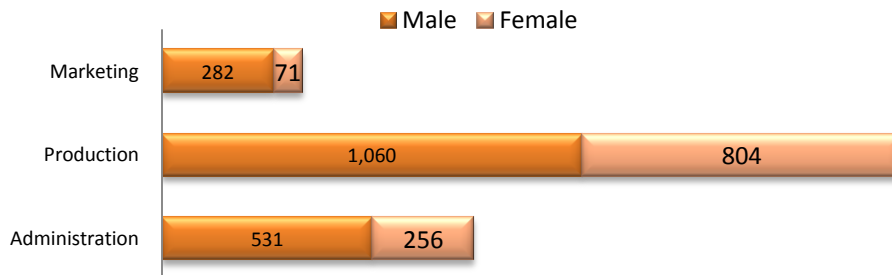
Highly skilled and low waged workers are available in Jordan. Currently there are more than 5,000 undergraduate students attending pharmacy colleges at Jordanian Universities, and it is expected that more than 1,000 pharmacists will graduate every year. This is on average an increase of 11% throughout the years 2000-2005. There are more than 6,000 pharmacists, 8 pharmacy colleges and approximately 31% of workers in this industry are university graduates. In Jordan, the number of pharmacies has reached more than 1,600 in 2005 and drug stores have exceeded 200 in 2005.

Employment by Degree and Gender, 2005

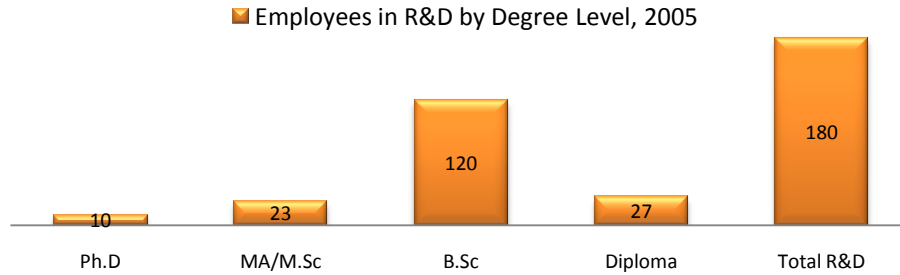
Degree	Ph.D	MA/M.Sc	B.Sc	Diploma	High School	Less	Total	%
Male	26	87	852	687	491	529	2,672	61%
Female	3	30	367	442	469	365	1,676	39%
Total	29	117	1,219	1,129	960	894	4,348	100%
%	0.70%	2.70%	28.0%	26.0%	22.0%	20.6%	100%	

Source: JAPM

Employment by Position & Gender, 2005



Source: JAPM



Rules and Regulations:

Adhering to Intellectual Property Rights is a pre-requisite to entering many of the world's largest markets. Jordan's issuance of new laws and regulations to protect the Intellectual Property Rights and Patents has expanded the economy significantly and to a great level benefited its pharmaceutical sector. Jordan's generic pharmaceutical companies have witnessed a growth in revenues from the stronger IP-protection laws by gaining new export markets and by starting to take on innovative research.

Jordan joined the World Trade Organization (WTO) in 2000 so as to broaden its foreign trade and to draw investors to its pharmaceutical industry. Consequent to its membership to the WTO, Jordan has established its commitment to WTO rules, in specific the Trade Related Aspects of Intellectual Property Rights (TRIPS) and the free trade agreements. TRIPS covers a wide range of intellectual property rights including patents, trademarks, trade secrets and more. Therefore, it creates the minimum standards of protection; in addition, it consists of enforcement provisions and dispute resolution mechanisms. Countries are usually allowed a transition period to adapt their legislation to include such provision. Jordan was the first Arab country to implement the TRIPS agreement.

In addition to joining the WTO, Jordan signed a Free Trade Agreement (FTA) with the US in 2001, becoming the fourth country in the world to do so. This called upon Jordan to reinforce its intellectual property laws by issuing new laws and regulations. While many thought that adopting new IPR standards would impact the pharmaceutical industry negatively, the existing indication pointed otherwise. By complying with the WTO regulations, multinational firms became attracted to invest in Jordan considering the low set up cost as well as forming strategic alliances with Jordanian companies. Over the last few years, Jordanian companies have established licensing relationships with pharmaceutical companies from the Unites States, Japan, Korea, Italy, Switzerland and the United Kingdom. Jordanian companies benefit from a wider product base and the transfer of knowhow and technology.

Jordan is also gaining from the strong enforcement of IPR through becoming more tempting for international research and development in the Jordan market. These companies have recognized offices in Jordan and have employed more Jordanian employees. Pfizer doubled the number of its local staff. Aventis and Novartis tripled their local employment. Merck increased its employment in Jordan by 500%.

¹ As a result, the trade agreement with the US together with the intellectual property rights have made Jordanian companies become attractive business partners for foreign investors. This can mainly attributed to the accessibility of highly educated, low cost workers, and reliable pharmaceutical plants.

Emerging Challenges:

Jordan first started its pharmaceutical industry early in the 1960s. At that time, the pharmaceutical industry was not established in many countries in the region. Currently, the Jordanian pharmaceutical industry remains one of the highest dedicated to quality products. The regional competition is becoming a challenge as the neighboring countries, which are Jordan's biggest markets, are developing their own home grown pharmaceutical industries. The next stage for the Jordanian pharmaceuticals will be the entry to European and American markets. Currently, several Jordanian pharmaceutical companies are both US FDA and EU GMP approved.

India and Egypt are both not signatories to the TRIPS agreement, therefore many of their pharmaceutical products cannot be imported by countries who oblige by the rules and regulation of TRIPS. Once the major companies not abiding by the TRIPS agreement adhere to it, they can flood the markets with relatively cheap medications. The Arab market by itself is a market of few hundred million consumers. Very solid pharmaceutical industry can be built just to serve that customer base as demonstrated by the fact that most Arab countries do not produce even 50% of their national consumption. The main problem with the Arab market is that the agreement on setting up a common pharmaceutical Arab market seems easier said than done, and is taking too long to implement.

The pharmaceutical sector in Jordan was affected severely in 2003 due to the war in Iraq. This created a challenge at the time, and the need to create a diversified basket of export markets to offset any such incidents. Currently, the Jordanian pharmaceutical companies are working on markets in Europe and the US to diversify on their regional dependence. Developing partnerships and strategic alliances with world leaders in the pharmaceutical industry , local expertise with global know how. The pharmaceutical companies in Jordan will be benefiting from signing licensing agreements with multinationals and

¹ <http://usinfo.state.gov/products/pubs/intelprp/jordan.htm>

forming strategic alliances. This, in the long run, would improve the quality of Jordanian products and would also transfer the know-how to local manufacturers.

Conclusion

The outlook of the pharmaceutical sector in Jordan is bright, and the industry has a noteworthy potential for advancement and growth. This sector was established more than forty years ago and takes up an important place in terms of production and export in Jordan. It is expected to reach USD 1 billion by the year 2010. This sector has the potential to expand with the need to focus on certain areas in order to establish stronger growth. Locally grown experience along with foreign imported know how will eventually bring the level of this industry to a global standard.

Competition between the local companies in Jordan remains firm as there are too many players in this sector competing over small market shares. An increase in mergers and consolidations among the pharmaceutical companies in Jordan could support this sector by growing economies of scale and also helping to maintain a strong and aggressive position inside the region. The pharmaceutical industry in Jordan is after all an export oriented industry. More consolidation will only give it an edge in foreign competition.

Although mergers are not common in our region and especially in the pharmaceutical sector, few mergers have taken place lately. The Jordanian Pharmaceutical Manufacturing Company (JPHM) and Al Razi Pharmaceutical Industries were the first pharmaceutical companies to merge in the pharmaceutical sector in Jordan. The Arab Pharmaceutical Manufacturing Company (APMC) merged with Advanced Pharmaceutical Industries and Middle East Pharmaceutical and Chemical Industries Company (Mid-Pharma) merged with Arab Center for Pharmaceutical and Chemical Industries Company (ACPC).

Despite the numerous companies in the Jordanian pharmaceutical sector, it is still considered a small sized industry. Companies should be looking towards the US and EU markets for expansion. Seven of the pharmaceutical companies in Jordan have gained EU GMP approval and one has gained US FDA approval. Local manufacturers should be aiming at forming strategic alliances and joint ventures with international companies. The other option is the outright acquisition of foreign firms for both know how and market access.

Local manufacturers should really look at expanding their geographic reach and diversifying their risk. As the main export destination for the pharmaceutical sector is the Arab world, (specifically Algeria, Saudi Arabia, Libya and Iraq), they make up for almost 90% of total exports. Any change in regulations or any instability in those countries would affect this sector in Jordan negatively. Moving away from this concentration will be beneficial to the Jordanian pharmaceutical market in the long term.

Pricing continue to be a concern in the Jordanian pharmaceutical market. Prices of pharmaceuticals remain low, which represents low marginal profits on local and regional sales. The change in the exchange rate between the Euro and US dollar has affected the local pharmaceutical sector. Most, if not all, of the raw material used in the manufacturing process in Jordan is imported and the primary source is Europe. Payments are made in an ever appreciating euro while revenues are collected mostly in USD or USD-pegged Jordanian dinar. Drug producers have to tighten their expenses to maintain their current profit margins. They are at this time discussing the price policy with the government. .

The health care sector in Jordan is considered among the best in the region. It is known for its excellence and for the quality of service it provides. Health care services have increased considerably in the past ten years. Health visitors from Arab countries increase year after year. In the year 2000, the government of Jordan issued a standardized list of fees for treatments of Arab patients and gave it out to all Arab health ministers. This was done to support expansion in this sector. In Jordan, the percentage of Jordanians that are health insured have increased substantially and access to health care services has become easier. All these aspects will influence the health care spending in Jordan and the growth of the health care sector will support the growth of the pharmaceutical sector and is anticipated to affect it optimistically.

The pharmaceutical sector in Jordan has become an important source of income for the Jordanian economy. This sector has grown organically for the most part since its inception four decades ago. It has been expanding and set to do so in the coming years due to the continued upgrading of the health care system in Jordan which is leading to an increase in demand (both local and foreign demand). The Jordanian government is determined to invest in this sector in order to expand this sector's research and development abilities. In process, the country is developing its role in R&D and currently has five research centers with highly experienced and qualified staff.

This sector comprises of a large group of capable and active staff. The low cost labor force in this sector is another attractive characteristic of the sector. In addition, Jordan is committed to WTO rules and adheres to the intellectual property right laws and regulations, and is considered to be the best in the

region. All these factors, in addition to the country's stable economy, make the pharmaceutical sector in Jordan attractive for investors wishing to set a foot in Jordan.

Arab Pharmaceutical Manufacturing

Ticker	APMC		Exchange	ASE
Sales(JD)	29.1M (2006)		Country	Jordan
Employees	787		Established	1962

Market Performance

	High	Low	Close	Volume
2005	8.11	5.78	7.3	46,492
2006	7.59	4.29	5.3	40,549
2007 (as of 27/09)	5.49	4.11	4.2	12,624

Company Overview

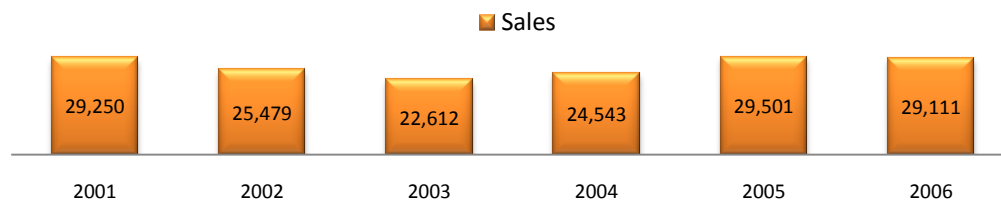
The Arab Pharmaceutical Manufacturing Company was established in 1962 and was the first pharmaceutical manufacturer in Jordan. The company's main activities are the manufacture of pharmaceutical products, pharmaceutical supplies, veterinary foods, medicines, insecticides, chemical fertilizers and cosmetics. The products include respiratory products, cardiovascular products, alimentary tract products, dermatological products and many more.

The company merged with the Advanced Pharmaceutical Industries in the year 2004. APMC has two manufacturing plants in Jordan and has affiliates in Jordan and Algeria. The Arab Pharmaceutical Manufacturing Company is Jordan Food and Drug Administration (JFDA) certified, ISO 9001 certified as well as EU GMP certified.

Financial Highlights

The company recorded 29.1JD million in revenue for the year 2006, 1.32% lower than the previous year. Net Income also showed a decline by 10.5% to reach 5.1JD million, compared to 5.7JD million in 2005. Gross profit margin has increased from 42.8% in 2005 to 48.4% in 2006. Net Profit margin has dropped from 19.3% in 2005 to reach 17.5% in 2006.

Sales (JD Thousands)



Financial Ratio Analysis

Ratio	2005	2006
Profitability		
Return on Assets	8.7%	7.8%
Return on Equity	10.1%	9%
Earnings Per Share	0.29	0.26
Margin Analysis		
Gross Profit Margin	42.8%	48.4%
Net Profit Margin	19.3%	17.5%
Asset Turnover		
Total Assets Turnover	0.5	0.4
Fixed Assets Turnover	1.7	1.6
A/R Turnover	1.4	1.3
Inventory Turnover	4.1	3.6

Ratio	2005	2006
Credit Ratios		
Current Ratio	5.2	5
Quick Ratio	4.4	4.1
Long Term Solvency		
Total Debt/Equity	0.15	0.15
Total Liabilities/Total Assets	0.13	0.13
Growth over Prior Year		
Total Revenue	18%	-1.3%
Income	24%	-10.5%
Gross Profit	9.2%	11.5%
Cash from Operations	-91.3%	472%

Dar Al Dawa Development & Investment

Ticker	DADI		Exchange	ASE
Sales(JD)	33.6M (2006)		Country	Jordan
Employees	630		Established	1975

Market Performance

	High	Low	Close	Volume
2005	7.4	7.2	6.35	26,599
2006	6.6	4.62	4.95	10,578
2007 (as of 27/09)	6.6	4.6	4.63	16,229

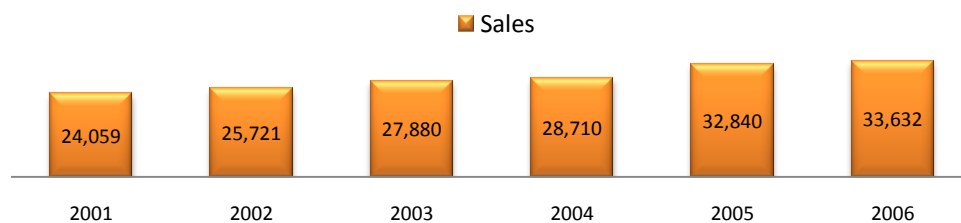
Company Overview

Dar Al Dawa was established in 1975. The group's primary activities are to manufacture, formulate and market a wide range of branded generic pharmaceuticals. The products include antibiotics, chemotherapeutics, cardiovascular products, respiratory products, dermatological products, mouth wash, vitamin preparation and many more. All products are manufactured according to EU GMP and JFDA regulations. DADI has partnerships and alliances with European, North American, South American and Asian manufacturers of generics. It also has manufacturing agreement with Pfizer and an under-license packaging agreement with Novartis. The company's head quarters are in Jordan and it has manufacturing plants in Jordan, Algeria and Libya. Dar Al Dawa's marketing activities cover the Middle East, North and East Africa and Eastern Europe. DADI is certified by JFDA, EU GMP and ISO 9001.

Financial Highlights

Dar Al Dawa reported 7.3JD million in net income for the year 2006, showing a decline of 5.5% from the previous year. Return on Assets and return on equity also declined to 11.6% and 14% respectively. The company achieved revenue of 33.6JD million, up 2.4% from 2005. Gross profit margin for 2006 was 55.3%, compared to 54.8% in 2005.

Sales (JD Thousands)



Financial Ratio Analysis

Ratio	2005	2006
Profitability		
Return on Assets	13.3%	11.6%
Return on Equity	15.8%	14%
Earnings Per Share	0.386	0.364
Margin Analysis		
Gross Profit Margin	54.8%	55.3%
Net Profit Margin	23.5%	21.7%
Asset Turnover		
Total Assets Turnover	0.6	0.5
Fixed Assets Turnover	4.9	4.7
A/R Turnover	1.5	1.3
Inventory Turnover	4.9	4.5

Ratio	2005	2006
Credit Ratios		
Current Ratio	4.3	3.9
Quick Ratio	3.6	3.2
Long Term Solvency		
Total Debt/Equity	0.19	0.21
Total Liabilities/Total Assets	0.16	0.17
Growth over Prior Year		
Total Revenue	14.4%	2.41%
Income	7.3%	-5.48%
Gross Profit	10.1%	3.39%
Cash from Operations	13.3%	-28.3%

Hikma Pharmaceuticals

Ticker	HIK	Exchange	LSE
Sales(JD)	224.7M (2006)	Country	Jordan
Employees	2,443	Established	1977

Market Performance

	High	Low	Close	Volume
2005	£4.10	£2.76	£4.05	1,193,697
2006	£4.59	£3.20	£3.65	679,918
2007 (as of 27/09)	£4.47	£3.45	£4.15	687,064

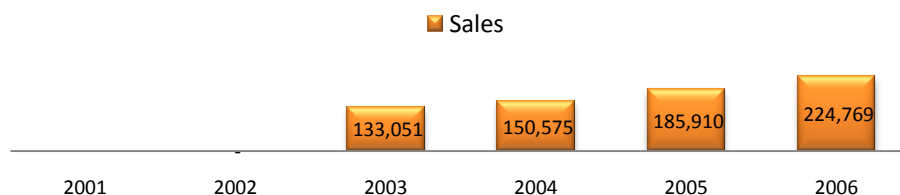
Company Overview

Hikma Pharmaceuticals was established in 1977 in Jordan. the company sells more than 176 products in more than 390 strengths and forms. Throughout the year 2006, Hikma launched 23 products and 26 under-license products, also and during 2006 the company was granted 191 regulatory approvals across the world. Hikma's product range varies from therapeutic categories, including Anti-infectives, CNS to Cardiovascular and Alimentary Tract & Metabolism. Hikma is multinational pharmaceutical company and has seven different manufacturing facilities in seven different countries, including the US, Jordan, Saudi Arabia, Algeria, Portugal, Italy and Germany. Hikma is certified by JFDA, FDA (USA) and MHRA (UK). Hikma got listed on the London Stock Exchange in November 2005.

Financial Highlights

Hikma's revenue for 2006 increased by 20.9% to reach 224.7JD million, compared to 185.9JD million in the prior year. Gross Margin of the group was 50%, down from 51.8% in 2005. The company's FY06 recorded profit of 39.7JD million, a rise of 24.5% from 2005. Net profit margin increased to 17.7% from 17.1% in 2005.

Sales (JD Thousands)



Financial Ratio Analysis

Ratio	2005	2006
Profitability		
Return on Assets	11.3%	11.3%
Return on Equity	15.6%	16%
Earnings Per Share	30	32.6
Margin Analysis		
Gross Profit Margin	51.8%	50%
Net Profit Margin	17.7%	17.1%
Asset Turnover		
Total Assets Turnover	0.7	0.7
Fixed Assets Turnover	2.9	2
A/R Turnover	3.2	2.6
Inventory Turnover	4.5	3.8

Ratio	2005	2006
Credit Ratios		
Current Ratio	3.7	2.8
Quick Ratio	3.0	2.0
Long Term Solvency		
Total Debt/Equity	0.38	0.4
Total Liabilities/Total Assets	0.28	0.28
Growth over Prior Year		
Total Revenue	23.46%	20.9%
Income	17.7%	24.5%
Gross Profit	25.22%	16.7%
Cash from Operations	-0.3%	7.8%

Jordan Pharmaceutical Manufacturing Company

Ticker	JPHM		Exchange	ASE
Sales	16.2M (2006)		Country	Jordan
Employees	454		Established	1978

Market Performance

	High	Low	Close	Volume
2005	3.5	2	2.1	36,038
2006	2.5	1.69	1.83	12,933
2007 (as of 27/09)	1.97	1.51	1.61	4,031

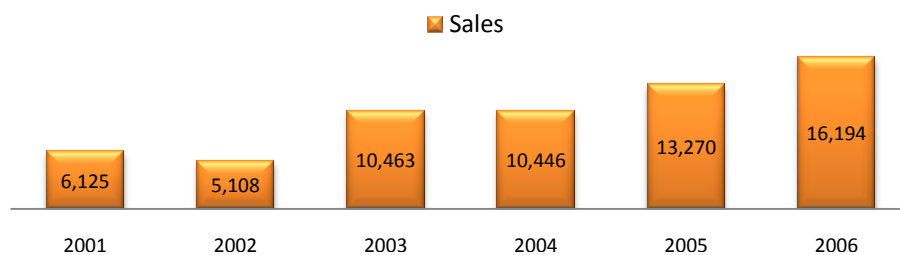
Company Overview:

JPM is a Jordan based pharmaceutical company established in 1978 and merged with Al-Razi pharmaceuticals in 2004. The company develops, formulates and produces branded generic pharmaceuticals. Their products range of 80 pharmaceutical products from 9 different groups. As well, it produces natural and biotechnology products. Jordanian Pharmaceutical Manufacturing Company has affiliated companies in Egypt, Entrea, Tunisia and Algeria. JPHM is certified by JFDA.

Financial Highlights

The company's gross profit increased 1.3JD million or 18.3% and gross profit margin declined to reach 51%, compared to 52.7% last year. The Return on Assets decreased to reach 4.1% against 4.6% in 2005. Return on Equity on the other hand rose to reach 6.5%, in comparison to 4.6% last year. The company's total sales increased 22% as compared to 2005.

Sales (JD Thousands)



Financial Ratio Analysis

Ratio	2005	2006
Profitability		
Return on Assets	4.6%	4.1%
Return on Equity	4.6%	6.5%
Earnings Per Share	0.128	0.106
Margin Analysis		
Gross Profit Margin	52.7%	51%
Net Profit Margin	15.4%	13.2%
Asset Turnover		
Total Assets Turnover	0.30	0.31
Fixed Assets Turnover	0.74	0.93
A/R Turnover	1.42	1.12
Inventory Turnover	0.82	1.12

Ratio	2005	2006
Credit Ratios		
Current Ratio	1.92	3.4
Quick Ratio	1.2	2.5
Long Term Solvency		
Total Debt/Equity	0.69	0.59
Total Liabilities/Total Assets	0.41	0.37
Growth over Prior Year		
Total Revenue	17.8%	22%
Income	-	4.4%
Gross Profit	-	18.3%
Cash from Operations	-	-265%

Midpharma

Ticker	MPHA		Exchange	ASE
Sales	9.5M (2006)		Country	Jordan
Employees	249		Established	1993

Market Performance

	High	Low	Close	Volume
2005	4.41	1.65	2.33	18,273
2006	3.65	2.14	3.2	4,745
2007 (as of 27/09)	4	2.98	3.18	3,782

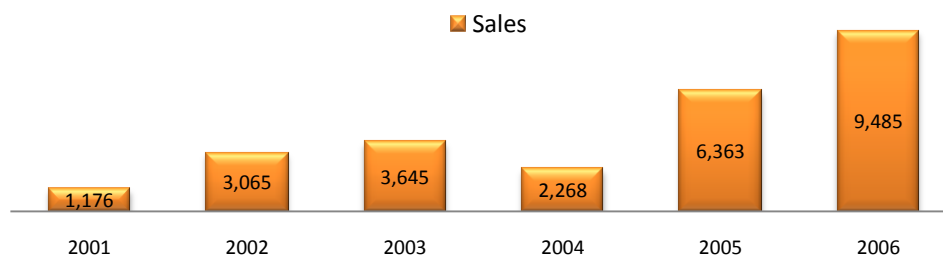
Company Overview

Midpharma was established in 1993 and started production in 1997. The company has markets in more than 10 Arab countries, including Lebanon, Saudi Arabia, Qatar, Bahrain and many more. Midpharma's main activities are to formulate and manufacture branded generics. The company produces 29 different pharmaceutical products of which one is produced under license for multinational company. Products vary from Antibiotics, Vitamins, Cardiovascular preparations, Antiulcerants and several more. MPHA has an affiliated company in Korea. The company is certified by JFDA, ISO9001 and ISO 14001.

Financial Highlights

Midpharma's revenues increased 49.10% in 2006 as compared to 2005. The gross profit also increased by 96.5% and gross profit margin increased to reach 45.4% as compared to 34.4% in 2005. Net profit for the company in 2006 recorded an increase of 245.4% to reach 0.93JD million as compared to a loss of 0.23JD million in 2005. Return on assets and return on equity both reported an increase to each 4.7% and 7.4% respectively.

Sales (JD Thousands)



Financial Ratio Analysis

Ratio	2005	2006
Profitability		
Return on Assets	-1.6%	4.7%
Return on Equity	-2.3%	7.4%
Earnings Per Share	-0.038	0.094
Margin Analysis		
Gross Profit Margin	34.4%	45.4%
Net Profit Margin	-4.2%	9.8%
Asset Turnover		
Total Assets Turnover	0.39	0.48
Fixed Assets Turnover	0.72	0.99
A/R Turnover	3.1	2.5
Inventory Turnover	1.5	1.3

Ratio	2005	2006
Credit Ratios		
Current Ratio	1.49	1.35
Quick Ratio	0.9	0.8
Long Term Solvency		
Total Debt/Equity	0.40	0.57
Total Liabilities/Total Assets	0.29	0.36
Growth over Prior Year		
Total Revenue	181.0%	49.10%
Income	66.2%	465.9%
Gross Profit	234.0%	96.50%
Cash from Operations	-542.0%	38.4%

Arab Center for Pharmaceuticals and Chemicals

Ticker	APHC		Exchange	ASE
Sales	1.5M (2006)		Country	Jordan
Employees	135		Established	1983

Market Performance

	High	Low	Close	Volume
2005	3.67	2.1	2.8	2,314
2006	3.35	1.87	1.87	12,248
2007 (as of 27/09)	3.02	1.5	1.61	3,539

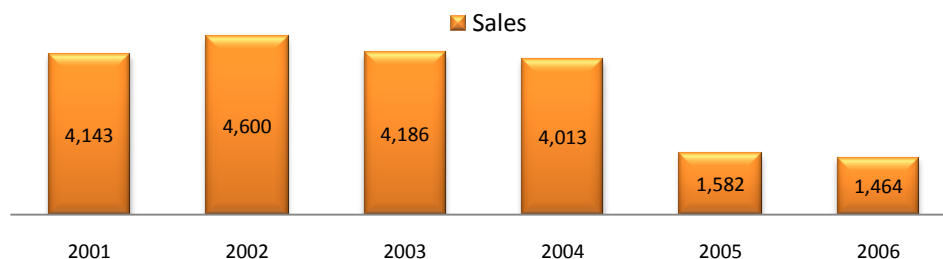
Company Overview

The company was founded in 1983. Arab Center for Pharmaceuticals and Chemicals produces more than 80 pharmaceutical products and is specialized in the manufacturing of hard gelatin capsules. It also produces veterinary medicines and products. The company is certified by JFDA and ISO 9002.

Financial Highlights

APHC's net profit recorded a decline of 122.1% against the previous year. Gross profit decreased by 15.3%, from 0.239JD million in 2005 to 0.202JD million in 2006. Net profit margin declined from 54.6% in 2005 to 13% in 2006.

Sales (JD Thousands)



Financial Ratio Analysis

Ratio	2005	2006
Profitability		
Return on Assets	9.8%	-2.4%
Return on Equity	10.7%	-2.5%
Earnings Per Share	0.173	0.038
Margin Analysis		
Gross Profit Margin	15.1%	13.8%
Net Profit Margin	54.6%	-13%
Asset Turnover		
Total Assets Turnover	0.18	0.18
Fixed Assets Turnover	0.63	0.58
A/R Turnover	1.9	3.5
Inventory Turnover	3.2	2.4

Ratio	2005	2006
Credit Ratios		
Current Ratio	5.7	7.4
Quick Ratio	5	6.1
Long Term Solvency		
Total Debt/Equity	0.09	0.06
Total Liabilities/Total Assets	0.08	0.06
Growth over Prior Year		
Total Revenue	3.2%	-7.5%
Income	119%	-122.1%
Gross Profit	-35.6%	-15.3%
Cash from Operations	1393%	586.9%

Hayat Pharmaceutical Industries

Ticker	HPIC	Exchange	ASE
Sales	3.2M (2006)	Country	Jordan
Employees	99	Established	1994

Market Performance

	High	Low	Close	Volume
2006	1.64	2.10	1.36	3,818
2007	1.70	1.29	1.45	964

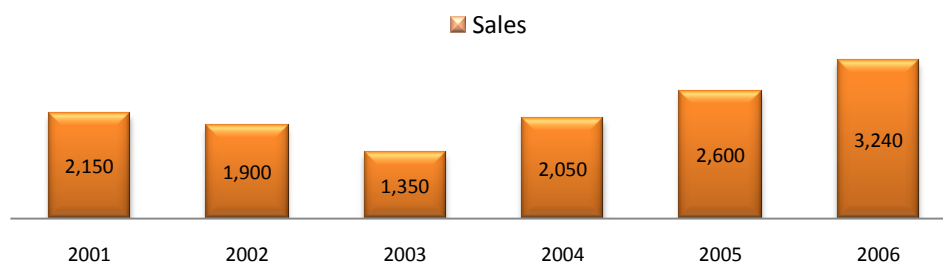
Company Overview

The company was founded in 1994. Hayat Pharmaceutical Industries Co. Ltd produces more than 120 pharmaceutical products. Products vary from solid, semi solid to liquid preparations. Three of the company's drugs are under license for international companies. HPIC has affiliated companies in Algeria and Jordan. Hayat pharmaceuticals is certified by JFDA and EU GMP.

Financial Highlights

Hayat went public in 2005 and detailed company disclosures have only been available to the public since then. The figures available for 2005 are only for 5 months of sales are not enough to make a fair comparison. The sales figures however grew by an average of 25.7% in the last two years.

Sales (JD Thousands)



Financial Ratio Analysis

Ratio	2005*	2006
Profitability		
Return on Assets	2.2%	5.3%
Return on Equity	2.5%	6.3%
Earnings Per Share	0.026	0.069
Margin Analysis		
Gross Profit Margin	65.6%	69.7%
Net Profit Margin	21.0%	20.2%
Asset Turnover		
Total Assets Turnover	0.10	0.26
Fixed Assets Turnover	0.18	0.52
A/R Turnover	0.40	0.94
Inventory Turnover	0.76	1.2

Ratio	2005*	2006
Credit Ratios		
Current Ratio	4.7	3.9
Quick Ratio	4.1	3.4
Long Term Solvency		
Total Debt/Equity	0.15	0.18
Total Liabilities/Total Assets	0.13	0.15
Growth over Prior Year		
Total Revenue	26.83%	24.62%
Income	-	-
Gross Profit	-	-
Cash from Operations	-	-

*ratios refer to the 5 months of results after Hayat Pharmaceutical's listing