Jordanian Pharmaceutical Manufacturing Company

Public Shareholding Limited Company

Consolidated Financial Statements as at December 31, 2007
Together With Independent Auditors' Report

Arab Professionals
(Member Firm within Grant Thornton)

Jordanian Pharmaceutical Manufacturing Co.
Public Shareholding Limited Company

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Independent Auditors' Report

To The Shareholders of
Jordanian Pharmaceutical Manufacturing Company
Public Shareholding Company
Amman - Jordan

We have audited the accompanying consolidated financial statements of **Jordanian Pharmaceutical Manufacturing Company PLC** which comprise the consolidated balance sheet as at December 31, 2007 and the consolidated statement of income, consolidated changes in equity and consolidated cash flows for the year then ended and a summary of significant accounting polices and other explanatory notes. We did not audit the financial statements of the Company's subsidiaries, which statements reflect total assets and revenues constituting 17% and 20%, respectively, of the related consolidated it's financial statements totals. Those financial a statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for these subsidiaries, is based solely on the report of the other auditors.

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 and the reports of the other auditors is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, based on our audits and the report of other auditors' the consolidated financial statements present fairly, in all material respects, the consolidated financial position of **Jordanian Pharmaceutical Manufacturing Company** as at December 31, 2007 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Law and with International Financial Reporting Standards.

Report on the Legal with Requirements
The Company maintain proper accounting records, and the accompanying consolidated financial statements are in agreement therewith and with the financial data presented in the Board of Directors' report.

Arab Professionals

March 6, 2008

Jordanian Pharmaceutical Manufacturing Co.
Public Shareholding Company
Consolidated Balance Sheet as at December 31, 2007
(In Jordanian Dinars)

Assets	Note	2007	2006
Current Assets			
Cash on hands and at banks	3	188,419	369,623
Checks under collection		853,765	13,514,597
Accounts receivable, net	4	17,374,631	14,425,539
Due from related parties	20	1,877,647	910,942
Inventories	5	4,860,076	7,077,728
Other current assets	6	4,123,048	3,304,346
Total Current Assets		29,277,586	26,401,173
Non – Current Assets			
Investment in associates	7	3,472,032	3,472,032
Available for sales securities	8	1,880,276	1,649,155
Property , plant and equipment, net	9	16,799,988	17,339,020
Other assets, net	10	3,101,215	2,893,316
Total Non- Current Assets		25,253,511	25,353,523
Total Assets		**54,531,097**	**51,754,696**
Liabilities and Equity			
Current Liabilities			
Due to banks	11	101,727	357,227
Accounts payable		1,633,293	1,404,447
Notes payable and postdated checks	11	4,840,151	2,047,453
Current portion of obligations under finance lease	11	746,601	461,754
Due to related parties	20	50,000	50,000
Current portion of long term loans	11	1,491,827	1,491,827
Other current liabilities	12	1,818,630	1,924,151
Total Current Liabilities		10,682,229	7,736,859
Non- Current Liabilities			
Long term notes payable	11	6,799,789	7,401,287
Obligations under finance lease	11	692,676	1,154,490
Long term loans	11	2,089,913	2,843,610
Total Non- Current Liabilities		9,582,378	11,399,387
Total Liabilities		20,264,607	19,136,246
Equity	13		
Paid-in capital		20,000,000	20,000,000
Additional paid in capital		2,000,000	2,000,000
Statutory reserve		937,200	762,922
Voluntary reserve		6,085,839	6,085,839
Retained earnings		5,243,451	3,769,689
Total Equity		34,266,490	32,618,450
Total Liabilities and Equity		**54,531,097**	**51,754,696**

Chairman	General Manager	Financial Manager

"The accompanying notes from (1) to (24)are part of these financial statements"

Jordanian Pharmaceutical Manufacturing Co.
Public Shareholding Company
Consolidated Statement of Income for the Year Ended
December 31, 2007

(In Jordanian Dinars)

	Note	2007	2006
Net sales	21	21,117,056	16,194,133
Cost of sales		(9,886,591)	(7,917,001)
Gross Profit		**11,230,465**	**8,277,132**
Income from of know-how transfer		1,791,081	2,771,119
Marketing expenses	14	(7,948,630)	(6,051,345)
General and administrative expenses	15	(1,471,695)	(1,684,769)
Expired products		(616,815)	(536,944)
Provision for doubtful debts		(213,149)	(133,700)
Financing expenses		(1,097,269)	(768,442)
Other income		79,224	370,591
Fees and other expenses	16	(105,172)	(113,229)
Income for the year		**1,648,040**	**2,130,413**
Earnings per share	17	**0.082**	**0.106**

Chairman **General Manager** **Financial Manager**

“The accompanying notes from (1) to (24) are part of these financial statements”

Jordanian Pharmaceutical Manufacturing Co.
Public Shareholding Company
Consolidated Statement of Changes in Equity for the Year Ended December 31, 2007

(In Jordanian Dinars)

	Paid – In Capital	Additional Paid- In Capital	Reserves		Retained Earnings	Total
			Statutory	Voluntary		
Balance as at January 1, 2007	**20,000,000**	**2,000,000**	**762,922**	**6,085,839**	**3,769,689**	**32,618,450**
Income for the year	-	-	-	-	1,648,040	1,648,040
Statutory reserve	-	-	174,278	-	(174,278)	-
Balance as at December 31, 2007	**20,000,000**	**2,000,000**	**937,200**	**6,085,859**	**5,243,451**	**34,266,490**
Balance as at January 1, 2006	**16,000,000**	**-**	**539,063**	**6,085,839**	**3,448,921**	**26,073,823**
Capital increase	4,000,000	2,000,000	-	-	-	6,000,000
Cash dividends	-	-	-	-	(160,000)	(1,600,000)
Prior years adjustment	-	-	-	-	14,214	14,214
Income for the year	-	-	-	-	2,130,413	2,130,413
Statutory reserve	-	-	223,859	-	(223,859)	-
Balance as at December 31, 2006	**20,000,000**	**2,000,000**	**762,922**	**6,085,839**	**3,769,689**	**32,618,450**

"The accompanying notes from (1) to (24) are part of these financial statements"

Jordanian Pharmaceutical Manufacturing Co.
Public Shareholding Company
Consolidated Statement of Cash Flows for the Year Ended
December 31, 2007

(In Jordanian Dinars)

	2007	2006
Cash Flows From Operating Activities		
Income for the year	1,648,040	2,130,413
Income from transfer of know-how	-	(2,124,000)
Depreciation and amortization	1,658,979	1,523,316
Provision for doubtful debts	213,149	133,700
Prior years adjustment	-	14,214
Changes in Working Capital		
Checks under collection	370,172	80,470
Accounts receivable	(4,073,183)	(5,217,983)
Due from related parties	(966,708)	(910,941)
Inventories	2,217,651	616,609
Other current assets	(818,701)	(1,237,434)
Accounts Payable	228,847	20,633
Other current liabilities	(105,520)	1,102,099
Net Cash Flows From Operating Activities	372,727	(2,957,963)
Cash Flows From Investing Activities		
Property, plant and equipment and other assets	(1,327,746)	(1,362,396)
Available for sale securities	(231,121)	(144)
Net Cash Flows From Investing Activities	(1,558,967)	(1,362,540)
Cash Flows From Financing Activities		
Paid-in capital	-	6,000,000
Cash dividends	-	(1,600,000)
Due to banks	(255,500)	(53,365)
Notes payable and postdated checks	2,191,200	2,228,866
Finance lease	(176,967)	(692,720)
Due to related parties	-	(450,000)
Loans	(753,697)	(1,014,676)
Net Cash Flows From Financing Activities	1,005,036	4,418,105
Net Change in Cash	(181,204)	97,602
Cash at Beginning of the Year	369,623	272,021
Cash at End of the Year	**188,419**	**369,623**

"The accompanying notes from (1) to (24) are part of these financial statements"

1 . General

Jordanian Pharmaceutical Manufacturing Co. was incorporated in the Hashemite Kingdom of Jordan as a public shareholding Company after the merger of Al-Razi Pharmaceutical Company (PLC) with the Jordanian Pharmaceutical Manufacturing Company (LLC) and registered under number (347) on January 27, 2004 with the objective of manufacturing medical, chemical and pharmaceutical products.

The accompanying Consolidated financial statements were authorized for issue by the Company's Board of Directors in their meeting held on ………………..and it is subject to the General Assembly Approval.

2 . Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements of the Company and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards.

The consolidated financial statements have been prepared on a historical cost basis except for investment securities, which have been measured at fair value.

The consolidated financial statements are presented in Jordanian Dinar"JD" which is the functional currency of the Company.

The accounting policies are consistent with those used in the previous year, except that the Company has applied the changes to the International Accounting Standards and the new International Financial Reporting Standards (IFRSs) that came into effect on January 1st 2007, the application of which has no significant impact as at December 31, 2007 or December 31, 2006**.**

Principles of Consolidation

The consolidated financial statements comprise of the financial statements of the Company and its subsidiaries where the Company has the power to govern the financial and operating policies of the subsidiaries so as to obtain benefits from their activities. The financial statements of the subsidiaries are prepared for the same reporting year as the Company using consistent accounting policies. All balances, transactions, income, and expenses between the Company and its subsidiaries are eliminated.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases

The results of operations of the subsidiaries are consolidated in the income statements from the acquisition date which is the date on which control over subsidiaries is transferred to the Company. The results of operation of the disposed subsidiaries are consolidated in the income statement to the disposal date which is the date on which the Company loses control over the subsidiaries.

The following subsidiaries have been consolidated:

	Paid In Capital	Ownership	Activity
Delas for Natural Products Co.	150,000	93,33%	Drugs Manufacturing
Swagh for Pharmaceutical Manufacturing Co.	150,000	93,33%	Drugs Manufacturing
Jordanian Algerian pharmaceutical Manufacturing Co.	188,800	99,66%	Drugs Distributing
Aragin for technical organic Co.	100,000	90%	Drugs Manufacturing

Adoption of new and revised IFRS standards

The following amendments to existing standards have been published that are mandatory for accounting periods after 31 December 2007. The Directors anticipate that the adoption of these Standards in future periods will have no material impact on the financial statements of the Company.

Standards No.	Subject	Effective Date
IFRS 3	Business Combination	July 2009
IFRS 8	Operating Segments	January 2009
IAS 1	Presentation of Financial Statements	January 2009
IAS 23	Borrowing Costs	January 2009
IAS 28	Investment in Associates	July 2009
IAS 31	Interests in Joint Ventures	July 2009

Use of Estimates and Judgments

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future period

Management believes that the estimates are reasonable and are as follows:

- Management reviews periodically the tangible and intangible assets in order to assess the amortization and depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the income statement.
- Management evaluates its investments for impairment on a regular basis where there is a prolonged decline. Management estimates the value of impairment and the same is charged in the income statement
- Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

- An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flows statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments.

Trade Receivables

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when identified

Accounts payable

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not

Available for sale Securities

Available for sale securities are initially measured at cost, which is the fair value of the consideration given for them, including transaction costs.

Available for sale investments are subsequently carried at fair value without any deduction for transaction costs by reference to their quoted market price at the balance sheet date. Investments for which fair value can not be reliably determined are stated at cost. Impairment loss is recognized in net profit or loss for the period.

Gains or losses on measurement to fair value of available for sale investments are recognized directly in the fair value reserve in shareholders equity, until the investment is sold or otherwise disposed of, or until it is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in net profit or loss for the period.

Available for sale securities are classified as current assets if management intends to realize them within twelve months of the balance sheet date.

Investments in associates

Investments in affiliated undertakings are accounted for by the equity method of accounting. These are undertakings over which the Company generally has between 20% and 50% of the voting rights, or over which the Company has significant influence, but which it does not control. Unrealized gains and losses on transactions between the Company and its associated undertakings are eliminated to the extent of the Company's interest in the affiliated undertakings.

Fair value

For fair value of investments, which are traded in organized financial markets, is determined by reference to the quoted market bid price at the close of the business on balance sheet date. For investments which are listed in inactive stock markets, traded in small quantities or have no current prices, the fair value is measured using the current value of cash flows or any other method adopted. If there is no reliable method for the measurement of these investments, then they are stated at cost less any impairment in their value.

Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available for sale investments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available for sale investments, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Trading and settlement date accounting

Purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Company commits its self to purchase or sell the asset

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and the Company intends to either settle them on a net basis, or to realize the asset and settle the liability simultaneously.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the first in, first out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads

Leases

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized directly in the consolidated income statement.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the income statement on a straight line basis over the lease term.

Projects Under Construction

Capital work in progress is stated at cost until the construction is complete. Upon the completion of construction, the cost of such assets together with the cost directly attributable to construction, including capitalized borrowing costs are transferred to the respective class of asset. No depreciation is charged on capital work in progress

Property, Plant and Equipment

Property plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of brining the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.
Depreciation is computed on a straight- line basis over the following estimated useful lives:

Buildings	2-4%	
Machines and Equipments	10-33%	(subject to the plant utilized capacity)
Tools	10-20%	
Vehicles	15%	
Furniture and decoration	10%	
Others	4%	

The useful life and depreciation method are reviewed annually to ensure that the method and period of deprecation are consistent with the expected pattern of economic benefits from items of property plant and equipment.

Projects in progress represent plant and properties under construction and are stated at cost. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with definite lives are amortized over the economic useful lives using the straight line method and assessed for impairment when there is an indication that the intangible asset may be impaired. Intangible assets are reviewed for any indication of impairment on the date of the consolidated financial statement. The estimated useful lives are reassessed and any adjustments are made in the subsequent periods.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at the financial statement date and are adjusted based on recent available information.

Revenue Recognition

Sales are recognized upon delivery of products and customer acceptance, if any, or on the performance of services. Sales are shown net of sales taxes and discounts, and after eliminating sales within the Group.

Foreign Currency

Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinars using the prevailing exchange rates at year end. Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions. Foreign exchange gains or losses are reflected in the statement of income.

3 . Cash and Check on Hand and at banks

	2007	2006
Cash on hands	186	100,438
Current accounts at Bank	188,233	269,185
	188,419	**369,623**

4 . Accounts Receivable, Net

	2007	2006
Local receivables	660,979	1,957,429
Export receivables	21,441,839	16,072,206
Total accounts receivable	**22,102,818**	**18,029,630**
Provision for doubtful debts	(4,728,187)	(4,515,038)
	17,374,631	**13,514,597**

The age of receivables past due but not impaired is as follows:

	2007	2006
Receivables past due for less than one year	16,421,809	13,366,087
Receivables past due for more than one year	952,822	148,510
	17,374,631	**13,514,597**

The Company's management believes that all due not impaired receivables are collectable in full .

5. Inventories

	2007	2006
Raw materials	2,726,044	2,869,300
Finished goods and work in progress	1,987,403	4,063,002
Spare parts	146,629	145,426
	4,860,076	**7,077,728**

6. Other Current Assets

	2007	2006
Prepaid murabaha	1,528,231	993,821
Margin on letters of guarantee	121,048	49,048
Goods in transit	539,312	549,416
Prepaid expenses	163,239	257,354
Goods in consignment	946,353	802,226
Refundable deposits	15,480	21,630
Sales tax deposits	296,604	240,795
Employees' receivables	438,145	358,959
Others	74,636	31,097
	4,123,048	**3,304,346**

7 . Investment in Associates

The following schedule depict information about the Company's investment in associates.

	Ownership	Activity	2007	2006
Azal Company – Areteria	42%	Drugs Manufacturing	1,348,032	1,348,032
Fenal Pharma – Mozambique	45%	Drugs Manufacturing	2,124,000	2,124,000
			3,472,032	**3,472,032**

- The contribution in Fenal Pharma – Mozambique – Company is against delivering of know – how. Registration procedures has not been completed up to the date of this report.

- The Company did not recorded its shares in the associates Companies' result due to unavailability of the audited financial statement for that Companies up to the date of this report. The Company's management has confirmed that non equity accounting of the associates does not materially impact the consolidated financial position of the Company.

8 . Available for Sale Securities

	2007	2006
Tasely Company – Algeria	468,600	468,600
Saif Company – Tunisia	964,216	733,095
Al-Obour Company – Egypt	422,460	422,460
Arabian Consultant Company - Jordan	25,000	25,000
	1,880,276	**1,649,155**

All above mentioned securities are shown at cost since it's not listed companies and it is deficult to assess their fair value in a trustful manner.

9 . Property, Plant and Equipment, Net

	Lands	Buildings	Machines and Equipments	Tools	Vehicles	Furniture and Decoration	Others	Total
Cost								
Balance as of 1/1/2007	1,811,525	9,541,289	7,789,555	1,469,110	146,374	509,423	65,720	**21,332,996**
Additions	-	143,389	297,027	190,328	96,734	21,912	3,051	**752,341**
Balance as of 31/12/2007	1,811,525	9,684,678	8,086,583	1,659,438	243,108	531,235	68,771	**22,085,337**
Accumulated depreciation								
Balance as of 1/1/2007	-	1,305,547	1,937,626	442,600	78,957	221,215	8,032	**3,993,977**
Depreciation for the year	-	320,550	661,465	215,178	32,553	85,926	2,700	**1,291,372**
Balance as of 31/12/2007	-	1,626,097	2,599,091	657,778	111,510	280,141	10,732	**5,285,372**
Net book value as of 31/12/2007	**1,811,525**	**8,058,581**	**5,487,491**	**1,001,660**	**131,598**	**251,094**	**58,039**	**16,799,988**
Cost								
Balance as of 1/1/2006	1,811,525	9,494,184	7,630,283	1,150,283	146,374	462,055	54,935	**20,749,692**
Additions	-	47,105	159,219	318,827	-	47,368	10,785	**583,304**
Balance as of 31/12/2006	1,811,525	9,541,289	7,789,555	1,469,110	146,374	509,423	65,720	**21,332,996**
Accumulated depreciation								
Balance as of 1/1/2006	-	985,617	1,306,431	260,484	56,795	151,196	5,054	**2,765,577**
Depreciation for the year	-	319,930	631,195	182,116	22,162	70,019	2,978	**1,228,400**
Balance as of 31/12/2006	-	1,305,247	1,937,626	1,937,626	78,957	221,215	8,032	**3,993,977**
Net book value as of 31/12/2006	**1,811,525**	**8,235,742**	**5,851,929**	**1,026,510**	**67,417**	**288,208**	**57,688**	**17,339,019**

- Some of the Company's properties and equipments of the Company are mortgaged as collateral against the credit facilities granted to the Company.

10 . Other Assets, Net

	2007	2006
Patents	3,232,978	2,768,061
Bioequivalent studies	406,810	478,098
Medicines registration fees	352,415	241,936
Others	147,000	147,000
Accumulated amortization	(1,037,988)	(741,779)
	3,101,215	**2,893,316**

11 . Credit Facilities

Type	Currency	Settlement costs	Year of Maturity	Outstanding Balance
Over draft	JOD	6%	2008	101,727
Loan	JOD	6%	2005-2010	1,715,227
Loan	JOD	6%	2005-2010	345,166
Loan	JOD	6%	2006-2011	1,521,346

Notes payable	JOD	6,5%	2008-2012	11,639,940
Capital Lease	JOD	6,5%	2005-2010	1,439,277
				16,762,683

The above facilities are granted to the Company against mortgaged of the Company's lands and some properties.

12 . Other Current Liabilities

	2007	2006
Accrued expenses	365,543	139,560
Provision for Board of Directors' remunerations and transportations	66,600	46,533
Provision for Jordanian Universities fees	93,270	75,842
Provision for scientific research support fund	75,614	75,842
Provision for professional & technical training support fund	25,317	24,357
Provision for income tax	123,776	123,776
Others	1,068,510	1,438,241
	1,818,630	**1,924,151**

13. Equity

Capital

The authorized, subscribed and paid up capital is JOD (20) Millions divided equally into (20) Million shares with par value of JOD 1 for each share.

Statutory Reserve

The accumulated amounts in this account represent 10% of the Company's net income before income tax according to the Companies Law. The Company has the option to cease such appropriations when the balance of this reserve reaches 25 % of the Company's authorized capital. The statutory reserve is not available for distribution to shareholders.

Voluntary Reserve

The accumulated amounts in this account represent 20% of the Company's net income before income tax according to the Companies Law. The voluntary reserve is available for distribution to shareholders

14 . Marketing Expense

	2007	2006
Salaries and benefits	2,206,238	1,730,856
Agents commissions and bonuses	4,067,981	2,671,489
Exports expenses	527,342	333,561
Rents	105,163	129,750
Advertising expenses	456,099	276,786
Miscellaneous	585,807	908,903
	7,948,630	**6,051,345**

15. General and Administrative Expenses

	2007	2006
Salaries and benefits	789,423	960,080
Professional fees	14,943	15,851
Transportation and travel	73,898	87,379
Fees and subscriptions	28,615	2,047
Miscellaneous	564,816	594,546
	1,471,695	**1,684,769**

16 . Fees and Other Expenses

	2007	2006
Jordan University's fees provision	17,428	21,936
Scientific research support fund provision	17,428	21,936
Professional and technical training support fund provision	25,316	24,357
Board of Director's remuneration provision	54,000	54,000
	105,172	**113,229**

17 . Earnings per Share

	2007	2006
Income for the year	1,648,040	2,130,413
Weighted average number shares	20,000,000	20,000,000
Basic and diluted earnings per share	**0,083**	**0,017**

18 . Contingent Liabilities

As at the financial statements date, the Company is contingent liable against the following :

	2007	2006
Letters of guarantees	807,455	195,028
Letters of credits	622,213	473,333
	1,429,668	**668,361**

19 . Income Tax Status

- The Company has settled its tax liabilities until the end of year 2002.

- The Income Tax Department had reviewed the Company's records for the year 2001 , but did not issue its final assessment yet.

- The income tax returns for the years 2003, 2004, 2005 and 2006 have been filed with the Income Tax Department but the department has not reviewed the Company's records till the date of this report.

- No income tax provision has been taken for the current year income as the Company has tax losses carried forward from previous years.

20 . Related Party Transactions

The Company had the following transactions with related parties during the year:

				Balance	
Party	**Relation**	**Volume**	**Nature**	**Debit**	**Credit**
Azal Company	Associate	129,594	Commercial	521,978	-
Fenal pharma	Associate	787,013	Commercial	1,356,669	-
Al-Rashed Group	Shareholder	-	-	-	50,000
				1,887,647	**50,000**

Company's top managements' salaries and benefits during 2007 amounting to JD 491,311 (JD 497,339 for year 2006).

21 . Segment Analysis

	2007	2006
Local public sector sales	473,485	338,622
Local private sector sales	4,708,143	4,701,324
Foreign private sector sales	15,935,428	11,154,187
	21,117,056	**16,194,133**

22 . Litigations

As at the financial statements date, the Company appears is a defendant in various law suits totaling JD 415,252.

23 . Financial Instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets of the Company include bank balances and cash, receivables and securities. Financial liabilities of the Company include loans from financial institutions and accounts payable.

Fair Value

The fair values of the financial assets and liabilities are not materially different from their carrying values as most of these items are either short-term in nature or re-priced frequently.

Credit Risk

Credit risks are those risks resulting from the default of counterparties to the financial instrument to repay their commitment to the Company. The Company limits its credit risk by only dealing with reputable banks and by setting credit limits for individual customers and monitoring outstanding receivables. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

The Company's most significant customer outstanding balance for JOD 3,609,966 of the accounts receivable carrying amount as at December 31, 2007. (2006: JOD 1,895,848)

Currency Risk

The management considers that the Company is not exposed to significant currency risk. The majority of their transactions and balances are in either Jordanian Dinars or US Dollars. As the Jordanian Dinar is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk and the Company's results or equity to movements in exchange rates is not considered significant.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its net financial obligation. In this respect, the Company's management diversified its funding sources, and managed assets and liabilities taking into consideration liquidity and keeping adequate balances of cash, and cash equivalents and quoted securities.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date.

	Less than one year	More than one year	Total
Due to bank s	101,727	-	101,727
Accounts payable	1,.633,556	-	1,633,556
Notes payable and postdated checks	4,840,151	6,799,789	11,639,940
Obligations under finance lease	746,601	692,676	1,439,277
long term loans	1,491,827	2,089,913	3,581,740
Due to related parties	50,000	-	50,000
Other current liabilities	1,818,630	-	1,818,630
Total	**10,682,492**	**9,582,378**	**20,264,870**

24 . Capital Management

The Company manages its capital structure with the objective of safeguarding the entity's ability to continue as a going concern and providing an adequate return to shareholders by pricing products and services commensurately with the level of risk