

Flash Result Report

Birzeit Pharmaceutical Company (BPC)



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Research Department

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Birzeit Pharmaceutical Company

Company Overview

Birzeit Pharmaceuticals Company (BPC) is a Palestine-based pharmaceutical company engaged in manufacturing and distributing generic drugs in a variety of therapeutic fields. The Company's products include drugs in the form of liquids, suspensions, ointments, creams, suppositories, tablets, capsules and eye drops. BPC's wholly owned subsidiary is Eastern Chemical Company. It also has investment stakes in a number of companies, such as Lotus Securities Co., Palestine Printing & Press Co., Medix Medical Co. and Petrpharm Pharmaceutical Co., Algeria.

Shareholders base as of 28 Feb 2010		
Type		Percentage
Local	Individuals	82.55%
	Institutions	12.60%
Foreign	Individuals	3.19%
	Institutions	1.66%
Total		100.00%

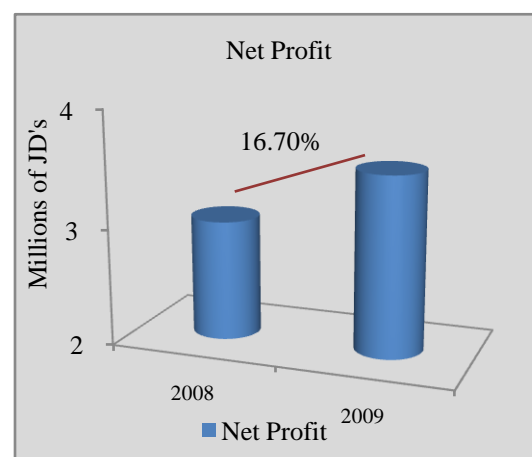
Official information indicates that by September 2009, the industrial sector (mining, quarrying and manufacturing industries) represented 10.20% of the Palestinian Gross Domestic Product.

Ticker	Last Market Price	Market Capitalization (USD)	52 week High	52 week Low	P/E	Industry Sector P/E	Market P/E
BPC	4.25	72,531,723	4.25	3.55	14.56	12.60	11.20

Financial Performance in 2009

Income Statement Summary JD 000s			
Category	2008	2009	Growth
Revenues (Sales)	14,471,736	15,754,980	8.87%
Gross Profit	6,722,819	7,126,750	6.01%
Gross Margin	46.45%	45.23%	-2.63%
EBIT	4,124,434	4,433,200	7.49%
EBIT Margin	28.50%	28.14%	-1.27%
Net Profit	3,026,624	3,532,095	16.70%
Profit Margin	20.91%	22.42%	7.20%
Earning Per Share (EPS)	0.25	0.29	16.70%

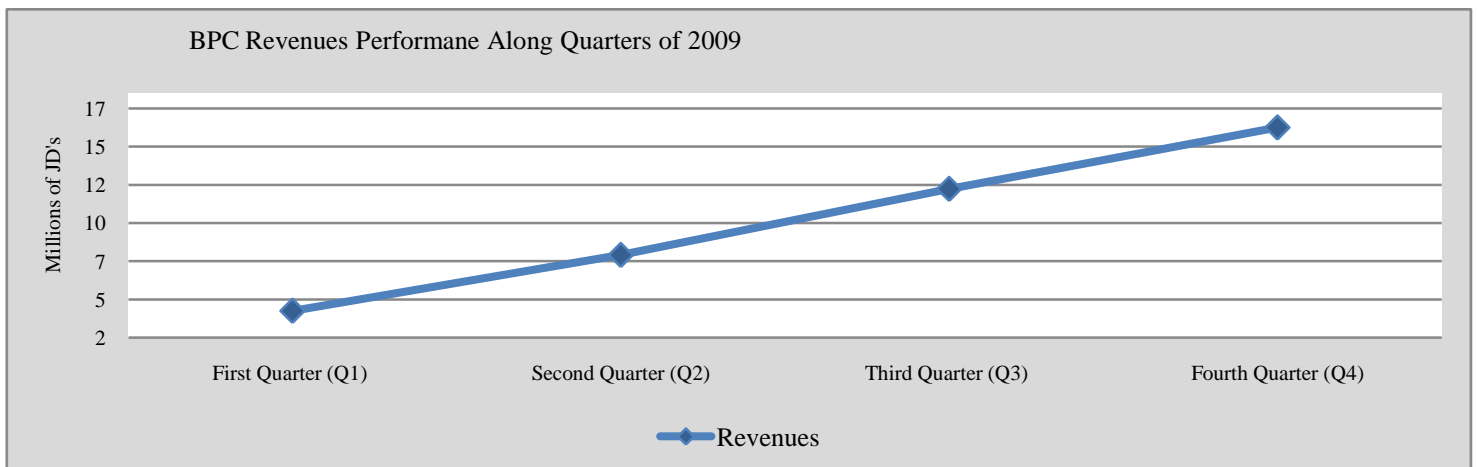
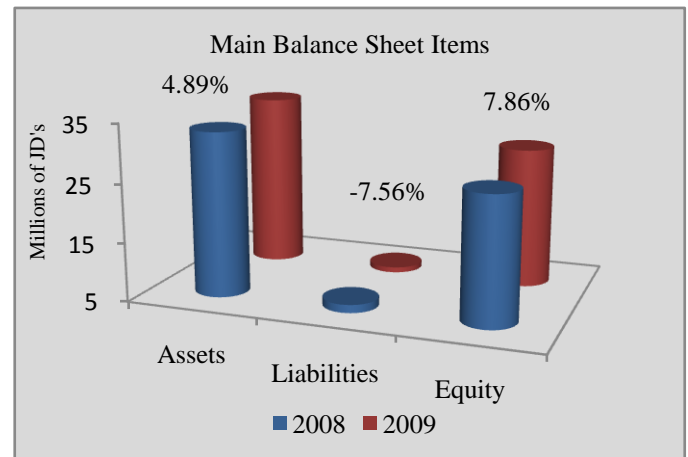
- Birzeit Pharmaceuticals recorded a growth in the net sales in 2009; in sequence a good increase in the gross profit by %6.01, nevertheless registered a %2.63 decline in gross margin due to the higher increase in "cost of goods sold" rather than in net sales.
- In aggregate, Birzeit Pharmaceuticals reported a growth in "earnings before interests & taxes" by %7.49.
- Birzeit Pharmaceuticals registered a growth in net profit by %16.70, in spite of incurring an income tax of previous years by JD 0.54 million, also the company realized an investment income of JD 0.49 million comparing to a loss of JD 1.9 million in the previous year. Subsequently, the company reported earnings per share of JD 0.29 comparing to JD 0.25 in 2008.



Birzeit Pharmaceutical Company

Balance Sheet Summary JD 000s			
Category	2008	2009	Growth
Current Assets	17,480,862	18,862,035	7.90%
Non-current Assets	15,630,817	15,867,471	1.51%
Total Assets	33,111,679	34,729,506	4.89%
Current Liabilities	4,477,105	3,600,041	-19.59%
Non-current Liabilities	1,907,192	2,301,533	20.68%
Total Liabilities	6,384,297	5,901,574	-7.56%
Shareholders' Equity	26,727,382	28,827,932	7.86%
Paid Up Capital	12,100,000	12,100,000	0.00%

- Birzeit Pharmaceuticals' total assets increased by %4.89, attributed to the noticeable growth in current assets by %7.90 which was characterized mainly in cash and deposits in banks which grew by %47.48. On the other hand, non-current assets slightly increased by %1.51; due to a growth in investment in affiliates by %31.96 in parallel to a drop in securities – available for sale - by %53.41.
- Birzeit Pharmaceuticals reported a decline in total liabilities by %7.56, due to a significant reduction in current liabilities by %19.59 that was characterized in minimizing the income tax allowance by %80.42 despite the increase in accounts payables and outstanding checks. On the other hand, non-current liabilities which are represented only in the employees' end of service compensation's reserve increased by %20.68.
- Shareholders' equity grew by %7.86; ascribed to the growth in the company's statutory and general reserves by %33.34, while retained earnings dropped by %19.91 and the company incurred a loss of JD 47 thousands resulting from foreign currency translation difference attributed to converting subsidiaries' financial statements to Jordanian Dinar.



Birzeit Pharmaceutical Company

Ratio Analysis

- Birzeit Pharmaceuticals recorded a growth in profitability ratios in 2009 comparing to the previous year; this can be an indication for manufacturing and management efficiency – characterized in ROA, ROE and EPS.
- Liquidity ratios also registered an increase; Birzeit Pharmaceuticals' operating cycle and its ability to turn its product into cash are may be reasons for realizing such good ratios – characterized in Current and Quick ratios.
- Efficiency ratios registered a converging performance among the two years because of the solid performance that has been translated in the improved profitability; Birzeit Pharmaceuticals reported an increase of %17.37 in working capital.

Category	2008	2009
Assets to Equity	1.24	1.20
Debt Ratio	19.28%	16.99%
Return On Assets	9.14%	10.17%
Return On Equity	11.32%	12.25%
Current Ratio	3.90	5.24
Total Assets Turnover	0.44	0.45
Working Capital	13,003,757	15,261,994
Working Capital Turnover	1.11	1.03
Quick Ratio	2.89	3.98

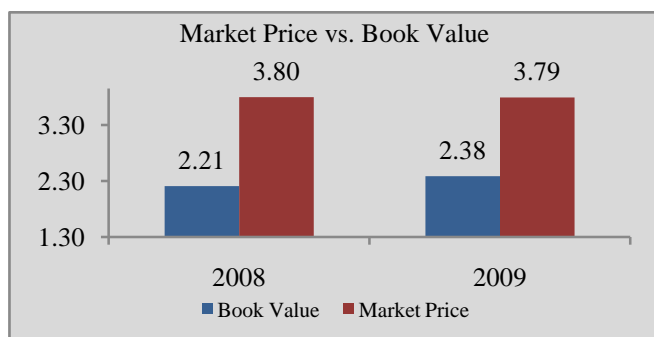
DuPont Analysis

ROE = Profit Margin * Total Asset Turnover * Equity Multiplier			
Return On Equity	Profit Margin	Total Asset Turnover	Equity Multiplier
12.25%	22.42%	0.45	1.20

Stock Indicators

- Birzeit Pharmaceuticals realized an increase in its share's book value by %7.69 to reach JD 2.38 at the end of 2009.
- The share kept a stable performance in the stock market in term of price and market capitalization.
- PE ratio for Birzeit Pharmaceuticals is above the PE industry's sector. Currently, the share is trading on PE of 14.56 times and recording a new 52 weeks high of JD 4.25.

Category	2008	2009
Market Capitalization (\$)	64,851,893	64,681,230
Volume Traded	3,152,483	2,143,189
Turnover Ratio	26.05%	17.71%
Book Value	2.21	2.38
Price To Book Value	1.72	1.59
P/E	15.19	12.98
Market Price at Dec ,30	3.80	3.79



Dividends Ratios

Category	2008
Dividend Per Share	0.10
Dividend Payout	39.98%
Dividend Yield	2.63%

- For two years in a row, the company distributed %10 as cash dividends to the shareholders.

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Market related graphs

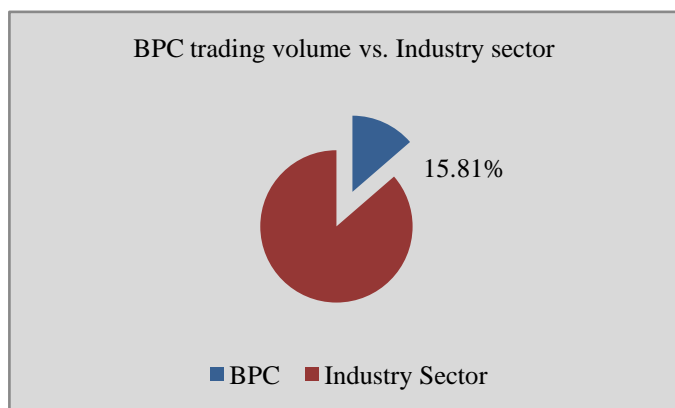


Figure 2 illustrates Birzeit Pharmaceuticals overall trading volume versus gross trading volume of the industry sector for 2009.

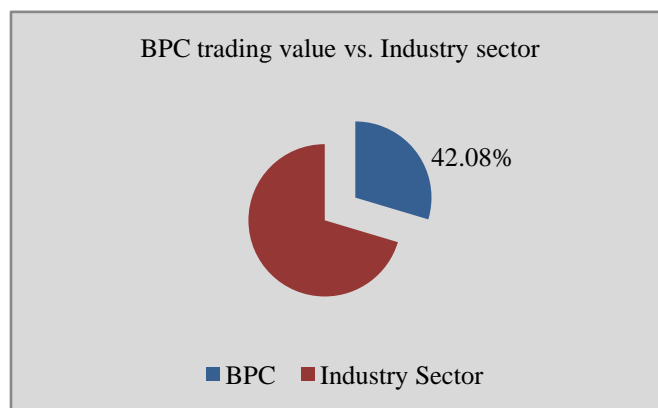


Figure 1 illustrates Birzeit Pharmaceuticals overall trading value versus gross trading value of the industry sector for 2009.

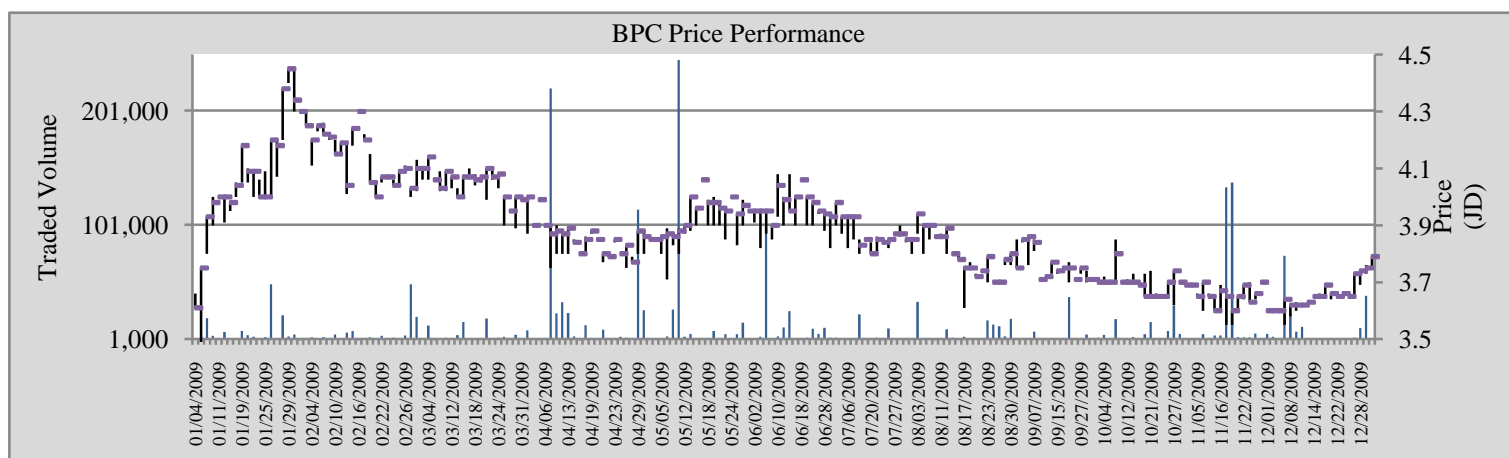


Figure 3 illustrates the price movements versus trading volume in 2009

Summary of Financial Performance Of BPC Quarterly								
	Category	First Quarter	Second Quarter	Q1 to Q2	Third Quarter	Q2 to Q3	Fourth Quarter	Q3 to Q4
Million Of JD's	Assets	33.03	33.46	1.30%	33.05	-1.23%	34.73	5.08%
	Liabilities	6.02	6.42	6.64%	3.99	-37.76%	5.90	47.70%
	Equity	27.01	27.04	0.12%	29.05	7.46%	28.83	-0.78%
	Capital	12.10	12.10	0.00%	12.10	0.00%	12.10	0.00%
	Revenues	3.75	7.41	97.40%	11.74	58.38%	15.75	34.25%
	Gross Income	1.77	3.27	84.32%	5.33	63.15%	7.13	33.71%
	Net Income	1.61	1.59	-1.25%	3.52	120.97%	3.53	0.28%
JD	EPS	0.13	0.13	-1.25%	0.29	120.97%	0.29	0.28%
	Book Value	2.23	2.23	0.12%	2.40	7.46%	2.38	-0.78%
	Market Price	3.99	3.93	-1.50%	3.70	-5.85%	3.79	2.43%
	Price/ BV	1.79	1.76	-1.62%	1.54	-12.39%	1.59	3.24%

Figure 4 illustrates the development of BPC's financial results along 2009

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