

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to what action to take, you should consult your stockbroker, solicitor, accountant or other appropriate independent professional adviser authorised under The Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in Hikma Pharmaceuticals PLC, please forward this document and the accompanying Form of Proxy to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Merrill Lynch is acting exclusively for the Company and no one else in connection with the Waiver and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Merrill Lynch or for providing advice in relation to the Waiver.

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# **HIKMA PHARMACEUTICALS PLC**

*(Incorporated and registered in England and Wales with Registered Number 5557934)*

## **Notice of Annual General Meeting and Waiver of Rule 9 of the Takeover Code in respect of the grant of up to 437,141 LTIP Awards**

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A Form of Proxy for the Annual General Meeting is enclosed and should be completed and returned as soon as possible. To be valid, it must reach the Company's registrars, Capita Registrars, no later than 48 hours before the meeting, being 11.00 am on 4 June 2007. A reply-paid envelope has been provided for this purpose for use within the United Kingdom. Alternatively, responses can be faxed to Capita Registrars on +44 208 639 2180. Completion and return of the Form of Proxy will not prevent you from attending and voting at the meeting in person, should you so wish.

Alternatively, you may register your proxy appointment and instructions on-line by visiting the website of Capita Registrars, by logging onto [www.capitaregistrars.com](http://www.capitaregistrars.com), where full instructions are given. In order to register your vote on-line you will need to enter your Investor Code which appears on the bottom right-hand side of your share certificate.

Alternatively, if you are a member of CREST, you may register the appointment of a proxy by using the CREST electronic proxy appointment service. Further details are contained in the Notice of Annual General Meeting contained in this document.



Hikma Pharmaceuticals PLC  
13 Hanover Square  
London W1S 1HW  
United Kingdom

Dear Shareholder

25 April 2007

This document contains the notice of the 2007 Annual General Meeting of Hikma Pharmaceuticals PLC to be held at 11.00 a.m. on 6 June 2007. You are warmly invited to attend the meeting and, even if you are unable to attend, to vote on the resolutions by proxy. A Form of Proxy is included for your convenience.

As part of its ongoing review of the Company since the IPO, the Nomination Committee has been examining the matter of board composition and succession. As you will have seen from the announcement made on 23 April 2007 (a copy of which is available on the Company's website), I have decided to step down from my executive role within the Company with effect from 1 July 2007, but will remain as the non-executive Chairman of the Board. The Nomination Committee, headed by Sir David Rowe-Ham, the senior Independent Director has resolved that Said Darwazah should be appointed to the role of Chief Executive Officer of the Company, and he will take up this post on 1 July 2007. I wish him the very best for his future with the Company.

This document contains explanatory notes for each of the items of special business to be put to the Annual General Meeting and also in respect of the resolutions regarding the dividend and the reappointment of Ronald Goode as a director.

Your Board unanimously recommends that you vote in favour of each of the resolutions to be put to the meeting. As Mazen Darwazah, Ali Al-Husry, Said Darwazah and I are directly interested in the subject matter of Resolution 11, we have not participated in the recommendation to vote in favour of that resolution and so that recommendation is unanimously given by the Independent Directors.

#### **Explanatory Notes:**

##### **Dividend**

**Resolution 2:** The Board has recommended a final dividend for the year ended 31 December 2006 of 4.0 cents per Ordinary Share (approximately 2.1 pence per share). For Shareholders with registered addresses outside Jordan, the Company has made available the option to receive the final dividend in Pounds Sterling. For these Shareholders, a Sterling Dividend Election Form containing instructions in respect of this election accompanies this document.

In order to assist Shareholders with registered addresses in Jordan, the Company has undertaken to pay the final dividend in Jordanian Dinar, and also made available the option to receive the final dividend in US Dollars. For these Shareholders, a Jordanian Dinar Dividend Election Form containing instructions in respect of this election accompanies this document.

##### **Reappointment of Ronald Goode**

**Resolution 3:** In accordance with the Combined Code on Corporate Governance, the Chairman is happy to confirm that Ronald Goode, who is putting himself forward for re-election, has performed his role effectively and has demonstrated considerable commitment to the Board since his appointment in December 2006. Details of the experience of Ronald Goode are set out on page 28 of the annual report and accounts for the year ended 31 December 2006, which accompanies this document.

##### **Remuneration Committee report**

**Resolution 6:** This resolution is to approve the Remuneration Committee report for the financial year ended 31 December 2006. You can find the report on pages 33 to 42 of the annual report and accounts for the year ended 31 December 2006, which accompanies this document.

##### **Electronic Communication**

**Resolution 7:** Legislation was announced earlier this year making it easier for companies to communicate with shareholders electronically using, for example, emails and the internet. We believe that there are significant benefits to you from introducing electronic communications consistent with this legislation, for documents such as annual and interim reports, and circulars.

Resolution 7 will allow the Company to take advantage of the new rules on electronic communications in the Companies Act 2006 on implied website usage and, as a listed company, to benefit from the rules on electronic and website communications in the Disclosure and Transparency Rules which came into force in January 2007.

#### Authority to Allot Shares

**Resolution 8:** Your Directors may only allot shares or grant rights over shares if authorised to do so by Shareholders. The authority granted at the annual general meeting held in 2006 is due to expire at this year's Annual General Meeting. Accordingly, Resolution 8 will be proposed as an ordinary resolution to grant a new authority to allot unissued share capital up to an aggregate nominal value of £5,637,913, representing approximately 33.3% of the total issued ordinary share capital of the Company at 24 April 2007, the latest practicable date prior to the posting of this document. If given, this authority will expire at the annual general meeting in 2008 or on 5 September 2008, whichever is the earlier.

Since the annual general meeting held in 2006, your Directors have used the section 80 authority then granted solely in respect of the issue of shares pursuant to option exercises under the Hikma Pharmaceuticals PLC 2004 Stock Option Plan, issuing a total of 1,849,800 Ordinary Shares. In the year ahead, other than in respect of the Company's obligations to satisfy rights granted to employees under its various share-based incentive arrangements, the Directors have no present intention of issuing any of the authorised but unissued share capital of the Company.

#### Authority to disapply pre-emption rights

**Resolution 9:** Your Directors also require authority from Shareholders to allot shares or grant rights over shares or sell treasury shares where they propose to do so for cash and otherwise than to existing Shareholders pro rata to their holdings. The authority granted at the annual general meeting in 2006 is due to expire at this year's Annual General Meeting. Accordingly, Resolution 9 will be proposed as a special resolution to grant such authority. Apart from rights issues, open offers or any other pre-emptive offer as mentioned, the authority will be limited to the issue of shares and sales of treasury shares for cash up to an aggregate nominal value of £845,687 (being 5% of the Company's issued ordinary share capital as at 24 April 2007, the latest practicable date prior to the posting of this document). If given, this authority will expire at the annual general meeting in 2008 or on 5 September 2008, whichever is the earlier.

#### Directors' fees

**Resolution 10:** The purpose of this resolution is to seek Shareholder approval to increase the maximum aggregate fees payable to Directors in any financial year from £500,000 to £750,000. The principal reason for the proposed change is that, as announced on 23 April 2007, it is proposed that Samih Darwazah will stand down as Chief Executive Officer of the Company with effect from 1 July 2007 but will remain on the Board as non-executive Chairman. As a result of the annual fee proposed to be payable to a separate non-executive Chairman and the potential for further appointments to the Board, the limit on fees payable to directors requires to be increased and the Board has determined that the sum of £750,000 per annum is an appropriate level.

#### Waiver of Rule 9 of the Takeover Code

**Resolution 11:** The purpose of this resolution is to seek the approval of Independent Shareholders to a waiver, which the Panel has agreed to give (subject to such approval), of the obligation that might otherwise arise under Rule 9 of the Takeover Code for the Concert Party to make a mandatory offer for the Ordinary Shares not already owned by it as a result of the grant to Executive Directors (and subsequent vesting) of up to 437,141 LTIP Awards.

Resolution 11 will be taken on a poll of Independent Shareholders in accordance with the requirements of the Panel.

#### Takeover Code

The Takeover Code is issued and administered by the Panel and applies to the Company because it is a public company which has its registered office in the United Kingdom and its securities admitted to the Official List. The Takeover Code and the Panel operate principally to ensure fair and equal treatment of shareholders in relation to takeovers, and also provide an orderly framework within which takeovers are conducted.

Under Rule 9 of the Takeover Code, where (a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30% or more of the voting rights of a company, or (b) any person who, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30% but does not hold shares carrying more than 50% of the voting rights of a company, if such person, or any person acting in concert with him, acquires any further interests in other shares in the company which increases his percentage of shares carrying voting rights, in which he is interested then, except with the consent of the Panel, he, and any person acting in concert with him, must make a general offer in cash to the other shareholders to acquire the balance of the shares not held by him and his concert party.

An offer under Rule 9 of the Takeover Code must be in cash and at the highest price paid within the 12 months prior to the announcement of the offer for any interests in shares in the company by the person required to make the offer or any person acting in concert with him.

#### The Concert Party

Darhold holds 52,649,972 Ordinary Shares which, as at 24 April 2007 (the latest practicable date prior to the posting of this document), represented approximately 31.129% of the issued share capital of the Company. Mazen Darwazah and Said Darwazah are directors and shareholders of Darhold and accordingly are deemed to be acting in concert with it in relation to the Company. Additionally, each of the persons named in the table below and the footnotes to the table is deemed to be acting in concert with the others.

As at 24 April 2007, the latest practicable date prior to the posting of this document, each member of the Concert Party owned that number of Ordinary Shares and that number of Options shown in the table below and the total number of Ordinary Shares held by the Concert Party was 60,550,416, representing 35.800% of the Company's issued share capital. In 2006, the Panel agreed, with the approval of Independent Shareholders, to waive the requirement for the Concert Party to make a mandatory offer to Independent Shareholders as would otherwise have arisen under Rule 9 of the Takeover Code as a result of the exercise of options previously awarded over 2,520,000 Ordinary Shares. On full exercise of remaining Options held by members of the Concert Party in respect of 1,672,000 Ordinary Shares, the Concert Party would hold 62,222,416 Ordinary Shares, representing 36.428% of the Company's share capital enlarged by the issue of Ordinary Shares pursuant to the exercise of such Options.

All of the members of the Concert Party (other than Darhold itself, Zahi Darwazah & Co, Riham Khair, Tala Al-Husry, Haya Al-Husry and Faisal Al-Husry) are shareholders in Darhold and that is why they are deemed to be members of the Concert Party, whether or not they directly own shares in the Company. Riham Khair is the wife of a shareholder in Darhold. Zahi Darwazah & Co is a Jordanian company owned by the brother of Samih Darwazah and his wife and children. Tala, Haya and Faisal Al-Husry are all children of "Mohammed Ali" Khaldoun Al-Husry. The table below identifies all of the directors of Darhold. Substantially all of Darhold's assets consist of its shareholding in the Company.

Name of Concert Party member	Number of Ordinary Shares	Percentage of issued Ordinary Shares	Number of Options remaining	Maximum number of Ordinary Shares to be granted pursuant to LTIP	Enlarged number of Ordinary Shares <sup>1</sup>	Percentage of enlarged share capital <sup>1</sup>	Percentage of Darhold owned
Darhold Limited	52,649,972	31.129%	–	–	52,649,972	30.745%	–
Samih Taleb Mahmoud Darwazah <sup>2</sup>	1,706,506	1.009%	960,000	–	2,666,506	1.557%	16.73%
Said Samih Darwazah <sup>2</sup>	612,780	0.362%	–	248,778 <sup>3</sup>	861,558	0.503%	17.10%
Mohammed Mahmoud Mohammed Saffouri <sup>2</sup>	400,000	0.236%	48,000	–	448,000	0.262%	15.20%
Mazen Samih Taleb Darwazah <sup>2</sup>	561,958	0.332%	640,000	188,363 <sup>6</sup>	1,390,321	0.812%	11.20%
"Mohammed Ali" Khaldoun Al-Husry	1,109,748	0.656%	–	–	1,109,748	0.648%	7.60%
Bashir Yusuf Mo'hd Al-Alami <sup>2</sup>	31,600	0.019%	–	–	31,600	0.018%	5.10%
Moh'd T. M. Darwazah <sup>3</sup>	45,012	0.027%	–	–	45,012	0.026%	27.07%
May Samih T. Darwazah <sup>3</sup>	4,000	0.002%	12,000	–	16,000	0.009%	
Other Members <sup>4</sup>	–	–	12,000	–	12,000	0.007%	–
Tala Ali Al-Husry	17,688	0.010%	–	–	17,688	0.010%	
Haya Ali Al-Husry	17,688	0.010%	–	–	17,688	0.010%	–
Faisal Sati Ali Al-Husry	17,688	0.010%	–	–	17,688	0.010%	–
Zahi Darwazah & Co.	3,335,776	1.972%	–	–	3,335,776	1.948%	–
Riham Khair	40,000	0.024%	–	–	40,000	0.023%	–
<b>TOTAL</b>	<b>60,550,416</b>	<b>35.800%</b>	<b>1,672,000</b>	<b>437,141</b>	<b>62,659,557</b>	<b>36.590%</b>	<b>100.00%</b>

<sup>1</sup>Assumes the maximum number of LTIP Awards are granted to members of the Concert Party and vest in full, all Options held by members of the Concert Party are exercised in full and no other Ordinary Shares are issued, including in relation to options held by other people.

<sup>2</sup>Director of Darhold Limited.

<sup>3</sup>Each of Moh'd T. M. Darwazah and May Samih T. Darwazah hold less than 5% of the voting rights of Darhold.

<sup>4</sup>Each of the following individually holds less than 5% of the voting rights of Darhold:

Samih Said Darwazah	Qamar Taleb Mahmoud Darwazah
Hana Samih Taleb Darwazah	Linda Taleb Mahmoud Darwazah
Maher Khaled Taleb Darwazah	Karim Saad Khaled Taleb Darwazah
Saad Khaled Taleb Darwazah	Huda (Moh'd Ali) Othman Bdair
Nadera Taleb Mahmoud Darwazah	Khalid Bashir Yousef Alami
Ahmad Khaled Taleb Darwazah	Ziyad Bashir Yousef Alami
Lara M. T. Darwazah	Ghassan Bashir Yousef Alami
Maha Khaled Taleb Darwazah	Khaled Taleb Mahmoud Darwazah
Sana Khaled Taleb Darwazah	Lina Abdelrahman Hasan Abwanini
Salam Khaled Taleb Darwazah	Seema Saad Khaled Darwazah
Faisal Moh'd T. Darwazah	Linda GJ Pinsonneault

<sup>5</sup>Comprises LTIP Awards in respect of 100,000 Ordinary Shares to be granted in 2007 and a maximum LTIP Award in respect of 148,778 Ordinary Shares to be granted in 2008.

<sup>6</sup>Comprises LTIP Awards in respect of 50,000 Ordinary Shares to be granted in 2007 and a maximum LTIP Award in respect of 138,363 Ordinary Shares to be granted in 2008.

The members of the Concert Party disclosed in the notice of annual general meeting dated 24 April 2006, inadvertently excluded the names of Tala, Haya and Faisal Al-Husry, who, at the date of that document, each held 17,688 Ordinary Shares. This would have increased the disclosed holding of the Concert Party at that time from 60,446,652 Ordinary Shares to 60,499,716 Ordinary Shares, reflecting an increase in the percentage interest in issued Ordinary Shares from 36.239% to 36.271%, and from 37.188% to 37.220% on a fully diluted basis. These shareholders and their interests in Ordinary Shares have been included in the Concert Party disclosures set out above.

#### *Proposed LTIP Awards*

The Company believes that LTIP Awards enable it to provide a competitive incentive and retention tool which is also cost effective in respect of both shareholder dilution and income statement expense. The Remuneration Committee intends to make annual LTIP Awards to executive directors. Each LTIP Award has performance conditions attached which demonstrates the Remuneration Committee's desire to correlate incentive arrangements with the achievement of substantial performance. The Company wishes to grant LTIP Awards to Mazen Darwazah and also to Said Darwazah on his appointment on 1 July 2007. The Remuneration Committee did not grant any LTIP Awards or any other discretionary share plan to executive directors in 2006. The Remuneration Committee is proposing to grant Mazen Darwazah an LTIP Award over 50,000 Ordinary Shares in 2007. In addition, in connection with his appointment as Chief Executive Officer, it is proposed to make an LTIP Award over 100,000 Ordinary Shares to Said Darwazah in 2007.

It is intended that in 2008, in line with the Company's remuneration policy, the grant would not exceed 200% of salary for either Mazen Darwazah or Said Darwazah, resulting in LTIP Awards in respect of not more than 138,363 and 148,778 Ordinary Shares respectively. As the Company's share price will fluctuate from time to time, it is not possible at this time to state the number of Ordinary Shares in respect of which LTIP Awards may be granted to Mazen Darwazah and Said Darwazah in 2008, but in any event the grant of LTIP Awards in respect of which the Waiver (subject to Independent Shareholder approval) has been given will not increase the interests of the Concert Party to above 36.590% of the voting rights in the Company.

Both Mazen Darwazah and Said Darwazah are members of the Concert Party and consequently the receipt by them of Ordinary Shares on vesting of LTIP Awards could give rise to an obligation pursuant to Rule 9 of the Takeover Code to make a mandatory offer to acquire the Ordinary Shares not owned by the Concert Party. The independent Directors consider that it would undermine the purpose for which the LTIP Awards are granted to require such an offer to be made and accordingly are seeking a waiver of that obligation from Independent Shareholders for LTIP Awards granted to Mazen Darwazah and Said Darwazah in respect of up to 437,141 Ordinary Shares in aggregate.

The independent Directors believe that the number of LTIP Awards referred to above will allow the Remuneration Committee to make appropriate grants under the LTIP in line with current remuneration policy for 2007 and 2008. In respect of 2009 and beyond the independent Directors would revert to Shareholders for prior approval of further LTIP Awards. Subject to the fulfilment of the relevant performance criteria, the earliest that LTIP Awards can vest is three years following the date of grant.

Assuming that LTIP Awards are made in respect of the full number of shares referred to above, that all such grants vest in full, that all Options currently held by members of the Concert Party were to be fully exercised and the resulting Ordinary Shares retained by the Concert Party members, the Concert Party would hold, in aggregate, interests over 62,659,557 Ordinary Shares, representing 36.590% of the issued share capital of the Company (as enlarged by the Option Exercises by members of the Concert Party and the issue of Ordinary Shares to members of the Concert Party pursuant to the LTIP Awards, but assuming no other issue of shares) versus 36.428% of the issued share capital of the Company on a similar basis, prior to the grant of such LTIP Awards.

#### *Waiver of the obligation to make a general offer under Rule 9 of the Takeover Code*

The vesting of the LTIP Awards (together with the Option Exercises) would increase the aggregate shareholding of the Concert Party in the Company to 36.590% and thereby trigger an obligation on the part of the Concert Party, under Rule 9 of the Takeover Code, to make a general offer to all Shareholders to purchase their Ordinary Shares.

The Panel has agreed, subject to the Whitewash Resolution being passed on a poll by Independent Shareholders at the AGM, to waive the requirement for the Concert Party to make a general offer to the Independent Shareholders as would otherwise arise under Rule 9 of the Takeover Code as a result of the grant and/or vesting of up to 437,141 LTIP Awards to Mazen Darwazah and Said Darwazah. The members of the Concert Party may attend the AGM but will not be entitled to vote on the Whitewash Resolution.

Pursuant to its obligations under the Takeover Code, the Company will announce the grant of LTIP Awards made from time to time together with their effect on the overall deemed control of the Concert Party.

Following any vesting of shares pursuant to the Option Exercises and the LTIP Awards the Concert Party will in aggregate be interested in more than 30% but will hold less than 50% of the voting share capital of the Company and, for so long as the members of the Concert Party continue to be treated as acting in concert for the purposes of the Takeover Code, any further increase by the Concert Party of its interest in the voting rights of the Company would be subject to the provisions of Rule 9 of the Takeover Code.

*Intentions of the members of the Concert Party*

The members of the Concert Party have confirmed that it would be their intention that, following any increase in their proportionate shareholding as a result of the grant of the LTIP Awards, the business of the Company would be continued in substantially the same manner as at present with no major changes, no likely redeployment of the Company's fixed assets, and no likely repercussions on employment and the location of the Company's business. The members of the Concert Party are also not intending to change the existing employment rights, including pension rights, of any of the employees of the Company.

**Further information**

Your attention is drawn to the remainder of this document which contains further information relating to the Company and the members of the Concert Party. Financial information on the Company is set out in the Company's annual report and accounts for the year ended 31 December 2006, with which this document has been posted.

**Recommendation**

**The Independent Directors, who have been so advised by Merrill Lynch, consider that the Waiver is fair and reasonable. In providing its advice, Merrill Lynch has taken into account the Independent Directors' commercial assessments. In addition, the Independent Directors believe that the Waiver is in the best interests of the Company's shareholders as a whole and accordingly the Independent Directors unanimously recommend Independent Shareholders to vote in favour of the Whitewash Resolution at the AGM, as they intend to do in respect of their entire holdings which amount to 27,566 Ordinary Shares, representing approximately 0.016% of the Company's issued share capital.**

Yours faithfully,

**Samih Darwazah**

Chairman and Chief Executive Officer

## Additional Information

### 1. Responsibility

- 1.1 The Directors, whose names appear in paragraph 2.1 below, and the Proposed Director, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Proposed Director (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The directors of Darhold whose names appear in paragraph 2.2 below accept responsibility for the information relating to the Concert Party contained in this document. To the best of the knowledge and belief of the directors of Darhold (who have taken all reasonable care to ensure that such is the case) the information relating to the Concert Party contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2. The Directors of the Company and Darhold

- 2.1 The current Directors of the Company, whose registered office is 13 Hanover Square, London W1S 1HW, are:

Samih Darwazah (Chairman and Chief Executive Officer)  
 Mazen Darwazah (Vice-Chairman and Director)  
 Ali Al-Husry (Non-Executive Director)  
 Michael Ashton (Non-Executive Director)  
 Breffni Byrne (Non-Executive Director)  
 Ronald Goode (Non-Executive Director)  
 Sir David Rowe-Ham (Non-Executive Director)

- 2.2 The current directors of Darhold are:

Samih Darwazah  
 Said Darwazah  
 Mazen Darwazah  
 Bashir Al Alami  
 Mohammed Saffouri

- 2.3 The Proposed Director of the Company is Said Darwazah, whose address is set out in paragraph 2.1 above.

### 3. Interests and dealings

#### 3.1 Directors

As at the close of business on 24 April 2007 (being the latest practicable date prior to the publication of this document), the interests of the Directors, the Proposed Director and their immediate families and of persons connected with the Directors (within the meaning of section 346 of the Act) in the Ordinary Shares are as follows:

Name	Number of Ordinary Shares	Percentage of current issued share capital	Number of Options held
Samih Darwazah	1,706,506	1.009	960,000
Mazen Darwazah	561,958	0.332	640,000
Said Darwazah	612,780	0.362	–
Ali Al-Husry	1,145,124	0.677	–
Michael Ashton	4,566	0.003	–
Breffni Byrne	10,000	0.006	–
Ronald Goode	3,000	0.002	–
Sir David Rowe-Ham	10,000	0.006	–

On 20 June 2006, Michael Ashton acquired 4,566 Ordinary Shares. On 4 April 2007, Ronald Goode acquired 3,000 Ordinary Shares. In addition, on 3 October 2006, and 29 March 2007, Samih Darwazah was allotted Ordinary Shares pursuant to the exercise of options under the Hikma Pharmaceuticals 2004 Stock Option Plan (the "Plan") at an exercise price of US\$0.9075 per Ordinary Share. On both occasions, Mr Darwazah exercised 320,000 options, paid the exercise price in full and retained all of the Ordinary Shares allotted. On 29 March 2007 Samih Darwazah also transferred 8,000 Ordinary Shares for nil consideration to a third-party. On 29 March 2007, Mazen Darwazah was allotted 160,000 Ordinary Shares pursuant to the exercise of options under the Plan at an exercise price of US\$0.9075 per Ordinary Share. All of the Ordinary Shares allotted were sold in the market on behalf of Mr Darwazah.

#### 3.2 The Concert Party

As at the close of business on 24 April 2007 (being the latest practicable date prior to the publication of this document), and save as disclosed below or elsewhere in this document, no member of the Concert Party, nor the directors of Darhold or any concert party of the Concert Party has any interests, rights to subscribe or short positions in Ordinary Shares, nor have they dealt for value in such securities in the 12 months prior to 25 April 2007. In addition, no member of the Concert Party nor anyone acting in concert with it has borrowed or lent any Ordinary Shares.

On 20 June 2006 Mohammed Saffouri, May Darwazah and Hana Darwazah were allotted 16,000, 4,000 and 4,000 Ordinary Shares, respectively, pursuant to the exercise of options under the Plan, at an exercise price of US\$0.9075 per Ordinary Share. All of the Ordinary Shares allotted were sold in the market on behalf of these individuals. On 12 December 2006 Mohammed Saffouri and Hana Darwazah were allotted 16,000 and 4,000 Ordinary Shares, respectively, pursuant to the exercise of options under the Plan, at an exercise price of US\$0.9075 per Ordinary Share. All of the Ordinary Shares allotted were sold in the market on behalf of these individuals. On 29 March 2007, May Darwazah was allotted 4,000 ordinary Shares pursuant to the exercise of options under the Plan at an exercise price of US\$0.9075 – Ms Darwazah paid the exercise price in full and retained all of the Ordinary Shares allotted.

In addition, Moh'd T. M. Darwazah and Zahi Darwazah & Co. made the following dealings in Ordinary Shares in the 12 months prior to 25 April 2007:

Name	Date	Nature of transaction	Number of Ordinary Shares	Price per Ordinary Share (pence)
Moh'd T. M. Darwazah	22/11/2006	Sale	2,300	400.25
Moh'd T. M. Darwazah	23/01/2007	Sale	1,000	366.12
Moh'd T. M. Darwazah	04/02/2007	Sale	1,000	380.00
Moh'd T. M. Darwazah	25/03/2007	Sale	6,000	387.00
Zahi Darwazah & Co.	20/12/2006	Sale	5,000	368.75
Zahi Darwazah & Co.	06/01/2007	Sale	6,079	361.25
Zahi Darwazah & Co.	18/01/2007	Sale	38,921	382.74
Zahi Darwazah & Co.	21/01/2007	Sale	20,000	365.07
Zahi Darwazah & Co.	21/02/2007	Sale	10,969	375.00
Zahi Darwazah & Co.	21/02/2007	Sale	9,031	375.00
Zahi Darwazah & Co.	04/03/2007	Sale	110,000	360.48

### 3.3 Employee Benefit Trusts

As at the close of business on 24 April 2007, (being the latest practicable date prior to the posting of this document), Hikma Pharmaceuticals Employees Savings Fund held 158,981 Ordinary Shares, representing approximately 0.094% of the current issued share capital of the Company.

3.4 As at the close of business on 24 April 2007 (being the latest practicable date prior to the publication of this document), there are no interests in relevant securities of the Company which are managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company.

## 4. Directors' service agreements

4.1 Samih Darwazah and Mazen Darwazah are employed by the Group pursuant to service agreements, dated 25 May 2006, which are ongoing unless terminated by at least 12 months' written notice. In the event of such termination, salary and benefits will be payable during the notice period. There is, however, no automatic entitlement to bonus payments or share incentive grants during the period of notice other than in accordance with the rules of the Company's relevant incentive plan. In addition to the basic salary set out below, each Director is capable of receiving an annual cash performance bonus of up to 100% of basic salary in accordance with the Group's remuneration policy. Furthermore, each Director is entitled to participate in the LTIP, by receiving awards of up to 300% of basic salary in any given year (but with a functional ceiling of awards of 200% in accordance with the Group's remuneration policy). The Directors participate in the Hikma Pharmaceuticals Defined Contribution Retirement Benefit Plan in accordance with the rules of the Benefit Plan relevant to employees on the Group based in Jordan, and are provided with the normal benefits in kind for executives of this level in a company of Hikma's size. There are no special provisions in the contracts of employment extending notice periods on a change of control, liquidation of the Company or cessation of employment.

Name	Basic salary (2006)
Samih Darwazah	US\$462,207
Mazen Darwazah	US\$354,063

With effect from 1 January 2007, the basic salary for Mr Mazen Darwazah was increased by 5%. No other amendments to the service agreements have been made within six months of the date of this document.

4.2 Said Darwazah will be employed by the Group pursuant to a service agreement which will be ongoing unless terminated by at least 12 months' written notice. In the event of such termination, salary and benefits will be payable during the notice period. There is, however, no automatic entitlement to bonus payments or share incentive grants during the period of notice other than in accordance with the rules of the Company's relevant incentive plan. In addition to a basic salary of US\$400,000 per annum, Said Darwazah will be capable of receiving an annual cash performance bonus of up to 100 per cent. of basic salary in accordance with the Group's remuneration policy. Furthermore, Said Darwazah will be entitled to participate in the LTIP, by receiving awards of up to 300 per cent. of basic salary in any given year (but with a functional ceiling of awards of 200 per cent. in accordance with the



Group's remuneration policy). Said Darwazah will be entitled to participate in the Hikma Pharmaceuticals Defined Contribution Retirement Benefit Plan in accordance with the rules of the Benefit Plan relevant to employees of the Group based in Jordan, and will be provided with the normal benefits in kind for executives of this level in a company of Hikma's size. There will be no special provision in the contract of employment extending notice periods on a change of control, liquidation of the Company or cessation of employment.

- 4.3 The Non-Executive Directors have each been appointed to the Board under letters of appointment dated as summarised below. Under the terms of their appointment, as subsequently amended, the Non-Executive Directors are paid the following annual fees:

Name	Date of Appointment Letter	Effective date	2006 Fees (£)	2007 Fees (£)
Ali Al-Husry	1 November 2005	14 October 2005	40,538	57,150
Michael Ashton (Chairman of the Remuneration Committee)	20 October 2005	14 October 2005	46,075	64,300
Breffni Byrne (Chairman of the Audit Committee)	14 October 2005	14 October 2005	53,113	71,450
Sir David Rowe-Ham (Chairman of the Nomination Committee)	27 October 2005	14 October 2005	46,075	64,300
Ronald Goode	12 December 2006	12 December 2006	3,077	57,150

- 4.4 The annual fees payable to the Non-Executive Directors for the performance of their duties were revised during 2006 as set out in the table in paragraph 4.3 above, with effect from 1 October 2006. Other than this, no amendments have been made to any such letters of appointment during the six months preceding the date of this document.

## 5. Material contracts

- 5.1 Save as set out below, no contracts have been entered into by the Company or any of its subsidiaries, other than in the ordinary course of business, within the period of two years prior to the publication of this document which are or may be material:
- On 19 April 2006, the Company entered into an acquisition agreement to acquire the remaining 52.5% interest in Al-Jazeera Pharmaceutical Industries Limited, which was not already owned by its subsidiary Hikma Investment Limited. Under the terms of the agreement the Company agreed to purchase the remaining 341,250 shares from certain individuals, with full title and rights attached thereto and free from encumbrances or any other third party rights, for the sum of Saudi Riyals 78,750,000 (approximately US\$21 million). Hikma Investment Limited agreed to such sale and waived its pre-emptive rights in relation to the sale shares. Completion occurred on 11 September 2006.
  - On 21 January 2007, the Company entered into an acquisition agreement to purchase the entire issued share capital of Ribosepharm GmbH ("Ribosepharm"), a German based pharmaceutical sales and marketing company, from Ratiopharm GmbH (the "Seller"). The total cash consideration payable for the acquisition was \$45.0 million on a cash free and debt free basis subject to certain working capital and contract-based adjustments. Under the acquisition agreement, the Seller gave standard commercial warranties which are valid for a period of 18 months. The liability of the Seller for breach of the warranties is capped at US\$19,000,000. All individual claims made by the Company under the warranties must be for more than EUR 15,000 each and, when aggregated, must exceed EUR 65,000. The Seller also gave a tax indemnity in favour of the Company for tax liabilities up to the date of completion, which occurred on 25 January 2007.
- 5.2 Save for (i) the acquisition by them of shares in the Company in exchange for a proportionate number of shares in Hikma Pharma Limited and (ii) the grant to Samih Darwazah, Mazen Darwazah, Mohammed Saffouri, and two other Darhold shareholders of options to subscribe for shares in the Company in exchange for equivalent options in Hikma Pharma Limited, no contracts have been entered into by any members of the Concert Party other than in the ordinary course of business, within the period of two years prior to the publication of this document, which are or may be material in the context of the proposals set out in this document.

## 6. Historical market value of ordinary shares

The following table shows the closing middle market quotations for an Ordinary Share (as derived from the London Stock Exchange Daily Official List) for the first dealing day in each of the six months before the date of this document and for 24 April 2007 (being the latest practicable date before the publication of this document).

Date	Price per Ordinary Share (pence)
1 November 2006	404.25
1 December 2006	386.5
2 January 2007	365.5
1 February 2007	382.0
1 March 2007	359.25
2 April 2007	379.0
24 April 2007	376.25

## 7. General

- 7.1 As at the close of business of 24 April 2007 (being the latest practicable date prior to the publication of this document), and save as disclosed or referred to in this document:
- (a) neither the Company nor the Directors have interests, rights to subscribe or short positions in any member of the Concert Party;
  - (b) no Director has interests, rights to subscribe or short positions in the Ordinary Shares;
  - (c) no associate of the Company has any interests, rights to subscribe or short positions in the Ordinary Shares;
  - (d) no pension fund of the Company or of any associate of the Company has any interests, rights to subscribe or short positions in the Ordinary Shares;
  - (e) no employee benefit trust of the Company or of any associate of the Company has any interests, rights to subscribe or short positions in the Ordinary Shares;
  - (f) no connected adviser of the Company or of any associate of the Company, or of any concert party of the Company (other than as an exempt market-maker) has any interests, rights to subscribe or short positions in the Ordinary Shares;
  - (g) no person controlling, controlled by or under the same control as a connected adviser of an associate of the Company or of a concert party of the Company has any interests, rights to subscribe or short positions in the Ordinary Shares;
  - (h) no concert party of the Company has borrowed or lent any Ordinary Shares; and
  - (i) no loan or guarantee has been granted or provided by the Company to any Director or any person connected with them.
- 7.2 Merrill Lynch has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name and its advice to the Directors in the form and context in which it appears.
- 7.3 There is no agreement, arrangement, or understanding (including any compensation arrangement) between the members of the Concert Party or any person acting in concert with them, and any of the Directors, recent Directors of the Company, Shareholders or recent shareholders of the Company having any connection with or dependence upon the grant of the LTIP Awards set out in this document.
- 7.4 No agreement, arrangement or understanding exists whereby any Ordinary Shares acquired pursuant to the vesting of the LTIP Awards will be transferred to any other person.
- 7.5 Save as referred to in the section entitled "Future outlook" in the annual report and accounts of the Company posted with this document there has been no material change in the financial or trading position of the Company since 31 December 2006.
- 7.6 The address of each of the members of the Concert Party is c/o Hikma Pharmaceuticals Limited, P.O. Box 182400, 11118 Amman, Jordan.
- 7.7 In this section references to:
- "associate"** has the meaning ascribed to it in category 1 of the definition of associate in the Takeover Code;
  - "bank"** does not apply to a bank whose sole relationship with the Company is the provision of normal commercial banking services;
  - "connected adviser"** has the meaning ascribed to it in the Takeover Code;
  - "control"** means a holding, or aggregate holdings, of shares carrying 30% or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether or not the holding(s) give(s) de facto control.

## 8. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the registered office of the Company at 13 Hanover Square, London, W1S 1HW up to and including 6 June 2007:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the audited consolidated accounts for the Company for the financial years ended 31 December 2005 and 2006;
- (c) the service contracts and letters of appointment of each of the Directors;
- (d) the written consent referred to in paragraph 7.2 above;
- (e) the material contracts referred to in paragraph 5 above;
- (f) the register of Directors' interests in the share capital and debentures of the Company; and
- (g) this document.

Dated 25 April 2007

## Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Hikma Pharmaceuticals PLC (the "Company") will be held at the London Underwriting Centre, 3 Minster Court, Mincing Lane, London EC3R 7DD on Wednesday, 6 June 2007 at 11.00 a.m., for the following purposes:

### Ordinary business

1. To receive the accounts for the financial year ended 31 December 2006, together with the reports of the directors and auditors thereon. **(Resolution 1)**
2. To declare a final dividend on the ordinary shares of 4.0 cents per ordinary share in respect of the year ended 31 December 2006, payable on 18 June 2007 to ordinary shareholders on the register at the close of business on 18 May 2007. **(Resolution 2)**
3. In accordance with article 110 of the Company's articles of association, to reappoint Dr Ronald Goode, who was appointed since the last annual general meeting of the Company. **(Resolution 3)**
4. To reappoint Deloitte & Touche LLP as auditors of the Company. **(Resolution 4)**
5. To authorise the directors to set the remuneration of the auditors. **(Resolution 5)**

### Special business

To consider and, if thought fit, to pass the following resolutions of which numbers 6, 7, 8, 10 and 11 will be proposed as ordinary resolutions and number 9 will be proposed as a special resolution:

6. To approve the Remuneration Committee report for the financial year ended 31 December 2006. **(Resolution 6)**
7. That the Company may:
  - (a) send or supply documents or information to members by making them available on a website for the purposes of paragraph 10(2) of Schedule 5 to the Companies Act 2006 and otherwise; and
  - (b) use electronic means (within the meaning of the Disclosure Rules and Transparency Rules Sourcebook published by the Financial Services Authority) to convey information to members. **(Resolution 7)**
8. That the directors be and are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (the "Act"), to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) up to an aggregate nominal amount of £5,637,913, this authority to expire at the conclusion of the annual general meeting of the Company in 2008 or on 5 September 2008, whichever is the earlier, save that the Company may before such expiry make any offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired. **(Resolution 8)**
9. That subject to the passing of resolution 8 above, the directors be and are hereby empowered pursuant to section 95 of the Act to allot equity securities (as defined in section 94 of the Act) for cash pursuant to the authority conferred by resolution 8 above as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities for cash:
  - (a) in connection with a rights issue, open offer or any other pro rata offer in favour of ordinary shareholders where the equity securities are proportionate (as nearly as practicable) to the respective number of ordinary shares held by such holders but subject to such exclusions or other arrangements as the directors may deem necessary or desirable in relation to fractional entitlements or legal or practical problems arising in, or pursuant to, the laws of any territory or the requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever; and
  - (b) otherwise than pursuant to (a) above, up to an aggregate nominal amount of £845,687,

and this power shall expire at the conclusion of the annual general meeting of the Company to be held in 2008 or on 5 September 2008, whichever is the earlier, save that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 94(3A) of the Act as if in the first paragraph of this resolution the words "subject to the passing of resolution 8 above" and "pursuant to the authority conferred by resolution 8 above" were omitted. **(Resolution 9)**
10. That the maximum aggregate annual fees payable to the directors as referred to in Article 90.1 of the Company's articles of association be increased to £750,000. **(Resolution 10)**

11. That the waiver granted by the Panel on Takeovers and Mergers (described in the circular to shareholders of the Company dated 25 April 2007 (the "Circular")) of any requirements under Rule 9 of the Takeover Code (as defined in the Circular) for the Concert Party (as defined in the Circular) and persons acting in concert with them to make a general offer to shareholders of the Company by reason of the issue of up to 437,141 ordinary shares to members of the Concert Party pursuant to the vesting of LTIP Awards (as defined in the Circular) as a result of which the aggregate interest of the Concert Party in ordinary shares would increase to 36.590 per cent of the voting rights of the Company be and is hereby approved.

**(Resolution 11)**

By order of the Board

**Henry Knowles, Company Secretary**

25 April 2007

Registered Office: 13 Hanover Square, London W1S 1HW, United Kingdom

#### **NOTES:**

##### **Proxies**

1. A member entitled to attend and vote may appoint a proxy or proxies who need not be a member of the Company to attend (and on a poll to vote) instead of him or her. A form of proxy for the Annual General Meeting is enclosed and should be completed and returned as soon as possible. To be valid, it must reach the Company's registrars, Capita Registrars, at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 48 hours before the meeting, being 11.00 am on 4 June 2007. A reply-paid envelope has been provided for this purpose for use within the United Kingdom. Alternatively, responses can be faxed to Capita Registrars on +44 208 639 2180. Completion of a form of proxy will not preclude a member attending and voting in person at the meeting should he or she so wish.

##### **Electronic proxies**

2. Alternatively, subject to the provisions of the Articles of Association of the Company, you may register your proxy appointment and instructions on-line by visiting the website of Capita Registrars, by logging onto [www.capitaregistrars.com](http://www.capitaregistrars.com), where full instructions are given. In order to register your vote on-line you will need to enter your investor code which appears on the bottom right-hand side of your share certificate.

##### **CREST electronic proxies**

3. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this Annual General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 11.00 a.m. on 4 June 2007. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appointing a proxy will not prevent a shareholder from attending and voting in person at the meeting should he or she so wish.

##### **Documents on display**

4. The register of Directors' interests in the share capital and debentures of the Company, together with copies of service agreements under which Directors of the Company are employed, and copies of the terms and conditions of appointment of Non-Executive Directors are available for inspection at the Company's registered office during normal business hours from the date of this notice until the date of the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the meeting.

##### **Right to attend and vote**

5. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 (SI 2001 No 3755), the Company specifies that in order to have the right to attend and vote at the meeting (and also for the purpose of calculating how many votes a person entitled to attend and vote may cast), a person must be entered on the register of holders of the Ordinary Shares of the Company by no later than 5.00 p.m. on 4 June 2007. Changes to entries on the register after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

## Definitions

<b>"Act"</b>	the Companies Act 1985, as amended;
<b>"Annual General Meeting" or "AGM"</b>	the Annual General Meeting of the Company called by this notice, including any adjourned meeting;
<b>"Company"</b>	Hikma Pharmaceuticals PLC;
<b>"Concert Party"</b>	the concert party comprising the persons named in the table which appears under the paragraph headed "The Concert Party" in the explanatory notes to Resolution 11;
<b>"Darhold"</b>	Darhold Limited (a privately held company incorporated in Jersey);
<b>"Directors" or "Board"</b>	the directors of the Company;
<b>"Form of Proxy"</b>	the form of proxy accompanying this document for use by Shareholders in connection with the AGM;
<b>"Independent Directors"</b>	the Directors other than Samih Darwazah, Mazen Darwazah and Ali Al-Husry;
<b>"Independent Shareholders"</b>	the Shareholders other than the Concert Party;
<b>"Merrill Lynch"</b>	Merrill Lynch International, whose registered office is at Merrill Lynch Financial Centre, 2 King Edward Street, London EC1A 1HQ;
<b>"Optionholders"</b>	the holders of the options being the subject of the Option Exercises;
<b>"LTIP"</b>	The Hikma Pharmaceuticals PLC 2006 Long Term Incentive Plan
<b>"LTIP Awards"</b>	share awards made pursuant to the rules of the LTIP;
<b>"Option Exercises"</b>	the exercise of options to subscribe for shares over 1,672,000 Ordinary Shares pursuant to the Hikma Pharmaceuticals PLC 2004 Stock Option Plan;
<b>"Options"</b>	options to subscribe for Ordinary Shares;
<b>"Ordinary Shares"</b>	the ordinary shares of 10p each in the capital of the Company;
<b>"Panel"</b>	The Panel on Takeovers and Mergers;
<b>"Proposed Director"</b>	Said Darwazah;
<b>"Shareholders"</b>	holders of Ordinary Shares;
<b>"Takeover Code"</b>	The City Code on Takeovers and Mergers;
<b>"Waiver"</b>	the waiver of any requirement under Rule 9 of the Takeover Code for the Concert Party and persons acting in concert with it to make a general offer to Shareholders by reason of the issue of up to 437,141 Ordinary Shares to members of the Concert Party pursuant to LTIP Awards, as a result of which the aggregate interest of the Concert Party would increase to 36.590%; and
<b>"Whitewash Resolution"</b>	the resolution numbered 11 to be proposed at the AGM and set out in the notice of AGM included in this document.