

Enterprise name **RĪGAS FARMACEITISKĀ FABRIKA**

Registration No

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Registration No of tax-payer

4	0	0	0	3	0	0	0	7	6	5
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Address Rīga , Dunties 16/22

Phone 7355550 , 7355548 Fax 7391790

The basic kind of activity: manufacturing of medicines

Unit: LVL and EUR

B A L A N C E

for the period ended 31.December 2008

a/s "Rīgas Farmaceutiskā Fabrika"

reg. No 40003000765
Rīga, Dunties iela 16/22

BALANCE SHEET

for the period ended 31 december 2008

Period

01.01.2008.

31.12.2008.

(LB currency EUR rate = 0.702804)

ASSETS	Line code	The end of reporting period 2008.g. 01.01.- 31.12. LVL	The end of reporting period 2008.g. 01.01.- 31.12. EUR	The end of reporting period 2007.g. 01.01.- 31.12. LVL	The end of reporting period 2007.g. 01.01.- 31.12. EUR
1. Long - term investments					
<i>I Intangible investments</i>					
1 Research and development costs	10				
2 Concessions, patents, licenses, trade-marks and similar rights	20	34 739	49 429	14 470	20 589
3 Other intangible rights	21				
4 Intangible value of enterprise	30		-		-
5 Advance payments of intangible investments	40				
TOTALLY	1	34739	49429	14470	20589
<i>II Fixed assets</i>					
1 Lands, buildings, constructions and preennial plantations	60	503 602	716 561	379 307	539 705
2 Long-term leased fixed	70				
3 Technological equipment and machines	80	212 737	302 697	129 329	184 019
4 Other fixed assets and inventory	90	97 107	138 171	101 989	145 117
5 Forming of fixed assets and costs of unfinished objects of constructio	100				
6 Advance payments for fixed assets	110				
TOTALLY	2	813446	1157429	610625	868841
<i>III Long - term financial investments</i>					
1 Participation in capital of related companies	130				
2 Loans to related companies	140				
3 Participation in capital of affiliated companies	150				
4 Loans to affiliated companies	160				
5 Other securities and investments	170				
6 Other loans	180				
7 Own stocks and shares	190				
8 Loans to joint owners and administration	200				
TOTALLY		0	0	0	0
1. TOTALLY		848185	1206859	625095	889430
2. Current assets					
<i>I Stocks</i>					
1 Raw materials, direct materials and auxiliary materials	3 230	312 007	443 946	231 377	329 220
2 Unfinished products	4 240	39 268	55 873	62 357	88 726
3 Complete products and goods for sale	5 250	84 011	119 537	59 152	84 166
4 Unfinished orders	260				
5 Advance payments for goods	6 270	1 346	1 915	14 407	20 499
6 Work animals and productive animals	7 280	150	213	50.00	71
TOTALLY		436782	621485	367343	522682
<i>II Debtors</i>					
1 Customers and client debts	8 300	(219 902)	(312 892)	249 246	354 645
2 Related companies debts	310	-		-	
3 Affiliated companies debts	320	-		-	
4 Other debts	9 330	520 786	741 012	286 489	407 637
5 Undeposited shares in business capital	340				
6 Short - term loans to joint owners and administration	9 350	11	16	152	216
7 Accrued income	10 360	6 789	9 660	9 288	13 216
TOTALLY		307684	437795	545175	775714
<i>III Securities and participation in capitals</i>					
1 Participation in capital of related companies	380				
2 Own stocks and shares	390				
3 Other securities and participation in capitals	400				
TOTALLY		0	0	0	0
<i>IV Cash assets (TOTAL)</i>					
1 Cash assets	11 420	803	1 143	1 486	2 114
2. TOTALLY		745269	1060422	914004	1300511
BALANCE		1593454	2267281	1539099	2189941

LIABILITIES		Line code	The end of reporting period 2008.g. 01.01.- 31.12. LVL	The end of reporting period 2008.g. 01.01.- 31.12. EUR	The end of reporting period 2007.g. 01.01.- 31.12. LVL	The end of reporting period 2007.g. 01.01.- 31.12. EUR
1. Equity capital						
<i>Equity capital</i>						
1 Stock or share capital (equity capital)	12	450	663 000	943 364	663 000	943 364
2 Stock issue extra charge		460	-		-	
3 Long - term investment re-estimation reserve		470	-		-	
4 Prescribed reserves		480	-		-	
5 Reserves for own stocks and shares		490	-		-	
6 Reserves prescribed by enterprise		500	-		-	
7 Other reserves		510	28 060	39 926	28 060	39 926
8 Retained profit of previous years		530	671 992	956 158	465 927	662 954
9 Retained profit of the year of accountant		540	67 756	96 408	206 065	293 204
TOTALLY			1430808	2035856	1363052	1939448
1. TOTALLY			1430808	2035856	1363052	1939448
2. Stockpiles						
<i>Stockpiles</i>						
1 Reserves for pensions and similar obligations		560				
2 Reserve for prospective taxes	13	570	36 103	51 370	29 150	41 477
3 Other stockpiles	13	580	24 276	34 542	18 578	26 434
TOTALLY			60379	85912	47728	67911
2. TOTALLY			60379	85912	47728	67911
3. Creditors						
<i>I Long - term debts</i>						
1 Funded borrowings		600	-		-	
2 Borrowings for shares		610	-		-	
3 Bank borrowings		620	-		-	
4 Other borrowings		630	-		-	
5 Customers advanced payments		640	-		-	
6 Debts to suppliers and contractors		650	-		-	
7 Bills to be paid		660	-		-	
8 Borrowings from related companies		670	-		-	
9 Borrowings from affiliated companies		680	-		-	
10 Tax and social security payments		690	-		-	
11 Other creditors	14	700	-		-	
12 Deferred income		710	-		-	
13 Dividends of the year of account		720	-		-	
14 Unpaid dividends of previous years		730	-		-	
TOTALLY			0	0	0	0
<i>II Short - term debts</i>						
1 Funded borrowings		750	-		-	
2 Borrowings for shares		760	-		-	
3 Bank borrowings		770	-		-	
4 Other borrowings		780	-		-	
5 Customers advanced payments		790	-		-	
6 Debts to suppliers and contractors	14	800	84 049	119 591	91 573	130 297
7 Bills to be paid		810	-		-	
8 Borrowings from related companies		820				
9 Borrowings from affiliated companies		830	-		-	
10 Tax and social security payments	14	840	1 734	2 467	22 751	32 372
11 Other creditors	14	850	16 484	23 455	13 995	19 913
12 Deferred income		860	-		-	
13 Dividends of the year of account		870	-		-	
14 Unpaid dividends of previous years		880	-		-	
TOTALLY			102267	145513	128319	182581
3. TOTALLY			102267	145513	128319	182581
BALANCE			1593454	2267281	1539099	2189941

a/s "Rīgas Farmaceutiskā Fabrika "

reg. No 40003000765

Rīga, Dunties iela 16/22

PROFIT OR LOSS STATEMENT

for the period ended 31 december 2008

Period 01.01.2008.
31.12.2008.

(LB currency EUR rate = 0.702804)

No	Special rate	Note	ROW	The end of reporting period 2008.g. 01.01.-31.12. LVL	The end of reporting period 2008.g. 01.01.-31.12. EUR	The end of reporting period 2007.g. 01.01.-31.12. LVL	The end of reporting period 2007.g. 01.01.-31.12. EUR
1.	Net turnover	15	10	2135676	3038793	2052164	2919966
2.	Cost of sales (prime cost)	16	20	-1330629	-1893314	-1188010	-1690386
3.	Gross profit or loss		30	805047	1145479	864154	1229580
4.	Sales Distribution costs:	16	40	-288771	-410884	-245191	-348875
5.	Administration costs	16	50	-371195	-528163	-313530	-446113
6.	Other operating income	17	60	5395	7676	1843	2622
7.	Other operating expenses	18	70	-61782	-87908	-63511	-90368
8.	Income from participation in capital of related and affiliated companies		80				
9.	Income from securities and long - term loans		90				
10.	Other interests receivable and similar income		100				
11.	Amounts written off investments		110				
12.	Interest payable and similar changes		120				
13.	Profit or loss before extraordinary items and tax	19	130	88694	126200	243765	346846
14.	Extraordinary income		140				
15.	Extraordinary charges		150				
16.	Profit or loss before tax	19	160	88694	126200	243765	346846
17.	Tax on profit or loss for the financial period	20	170	-10555	-15018	-31399	-44677
18.	Tax on profit (pustpone) or loss for the financial period	21	170	-6954	-9895	-2123	-3021
19.	Other taxes	22	180	-3429	-4879	-4178	-5945
20.	Profit or loss for the financial period	23	190	67756	96408	206065	293204
EPS k-t				0.102	0.145	0.31	0.44

Enterprise name

RĪGAS FARMACEITISKĀ FABRIKA A/S

Registration No

0 0 0 3 0 0 0 7 6

Registration No of tax-payer

4 0 0 0 3 0 0 0 7 6 5Address **Rīga , Dunties iela 16/22**Phone **7355550**

Fax

7391790Unit: **LVL and EUR****OVERVIEW OF EQUITY CAPITAL CHANGES**

Period 01.01.2008.

(LB currency EUR rate = 0.702804) 31.12.2008.

for the period ended 31 december 2008

		The end of reporting period 2008.g. 01.01.-31.12. , LVL	The end of reporting period 2008.g. 01.01.-31.12. , EUR	The end of reporting period 2007.g. 01.01.-31.12. , LVL	The end of reporting period 2007.g. 01.01.-31.12. , EUR
1.	Share capital				
	Post-balance residue on: 01.01.2008.	663 000	943 364	663 000	943 364
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.12.2008.	663 000	943 364	663 000	943 364
2.	Share premium				
	Post-balance residue on: 01.01.2008.	0	0	0	0
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.12.2008.	0	0	0	0
3.	Revaluation reserve of long-term investments				
	Post-balance residue on: 01.01.2008.	0	0	0	0
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.12.2008.	0	0	0	0
4.	Mandatory reserves				
	Post-balance residue on: 01.01.2008.	0	0	0	0
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.12.2008.	0	0	0	0
5.	Revaluation of own stocks of shares reserves				
	Post-balance residue on: 01.01.2008.	0	0	0	0
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.12.2008.	0	0	0	0
6.	Reserves determined by company statute				
	Post-balance residue on: 01.01.2008.	0	0	0	0
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.12.2008.	0	0	0	0
7.	Other reserves				
	Post-balance residue on: 01.01.2008.	28 060	39 926	28 060	39 926
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.12.2008.	28 060	39 926	28 060	39 926
8.	Retained profit				
	Post-balance residue on: 01.01.2008.	671 992	956 158	465 927	662 954
	Post-balance residue on: 31.12.2008.	739 748	1 052 567	671 992	956 158
9.	Equity capital (total)				
	Post-balance residue on: 01.01.2008.	1 363 052	1 939 448	1 156 987	1 646 244
	Post-balance residue on: 31.12.2008.	1 430 808	2 035 856	1 363 052	1 939 448

a/s "Rīgas Farmaceutiskā Fabrika "

reg. No 40003000765

Rīga , Dunties iela 16/22

STATEMENT OF CASH FLOW

for the period ended 31 december 2008

Period 01.01.2008.

(LB currency EUR rate = 0.702804) 31.12.2008.

	Note No	The end of reporting period 2008.g. 01.01.-31.12. , LVL	The end of reporting period 2008.g. 01.01.-31.12. , EUR	The end of reporting period 2007.g. 01.01.-31.12. , LVL	The end of reporting period 2007.g. 01.01.-31.12. , EUR
CASH FLOW from operating activities					
Net profit (before enterprise income tax)		88694	126200	243765	346846
<i>Corrections to adjust the profit of revision year to hard cash of economic activities :</i>					
Depreciation of fixed assets and intangible investments		131361	186910	110838	157708
Profit or loss from sale of fixed assets and intangible investments		1872	2664	3173	4515
Expenditures per cent		0	0	0	0
Provisions for non-used holidays		5698	8108	34517	49113
Other reserves		0	0	-33348	-47450
Debt expenditures of doubtful debtors		0	0	0	0
Incoming of next periods		0	0	0	0
The taxes to deduct from net profit (property tax)		-3429	-4879	-4178	-5945
Paid enterprise income tax		-10555	-15018	-31399	-44677
<i>The changes of the current assets and liabilities:</i>					
Provisions		-69439	-98803	28885	41100
Debts of customers and subscribers		469148	667537	-97417	-138612
Expenditures of next periods		2498	3554	101	144
Others debtors		-234155	-333173	-210365	-299322
Advance payments from customers		0	0	0	0
Debts to suppliers and contractors		-7524	-10706	4873	6934
Other creditors		-18528	-26363	8504	12100
Net cash provided by (used in) operating activities		355641	506032	57949	82454
CASH FLOW from investing activities					
Fixed assets purchase costs		-356324	-507003	-235659	-335313
Investment costs		0	0	0	0
Fixed assets selling income		0	0	2518	3583
Investment selling income		0	0	0	0
Company equity		0	0	0	0
Dividends received		0	0	0	0
Net cash provided by (used in) investing activities		-356324	-507003	-233141	-331730
CASH FLOW from financing activities					
Income from issue		0	0	0	0
Loans from credit institutions		0	0	0	0
Loans to creditors		0	0	0	0
Payments for leasing liabilities		0	0	-6669	-9489
Other loans		0	0	179848	255901
Fixed assets investments		0	0	0	0
Cost of dividends		0	0	0	0
Net cash provided by (used in) financing activities		0	0	173179	246412
Net increase (decrease) in cash		-683	-972	-2013	-2864
Cash at the beginning of the year		1486	2114	3499	4979
Cash at the end of the year		803	1143	1486	2114

A/S " RĪGAS FARMACEITISKĀ FABRIKA "

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2008

ACCOUNTING POLICES

(1) Basis of preparation

The financial statements have been prepared in accordance with general accounting principles that correspond to the laws of the Republic of Latvia. All amounts presented in these financial statements are denominated in EUR of the Bank of Latvia LVL rate of exchange as at date of report (0,702804).

The financial statements reporting period is from 1 January 2008 till 31. December 2008.

The company's accounting policies have not changed in comparison with the previous year.

The financial statements reporting period is not verified by auditor.

1. INTANGIBLE ASSETS

	Expenditures on research activities LVL / EUR	Licenses and patents LVL / EUR	Company's intangible value LVL / EUR	Total LVL / EUR
Historical cost as of 1 January 2008	0	40 080 / 57 029	3 682 / 5 239	43 762 / 62 268
Additions	0	27 748 / 39 482	0	27 748 / 39 482
Disposals	0	470 / 669	0	470 / 669
Historical cost as of 31 December 2008	0	67 358 / 95 842	3 682 / 5 239	71 040 / 101 081
Accumulated depreciation before 2008	0	25 609 / 36 439	3 682 / 5 239	29 291 / 41 678
Excluded on disposal	0	0	0	0
Accumulated depreciation in 2008	0	7 010 / 9 974	0	7 010 / 9 974
Net book value as of 31 December 2008	0	34 739 / 49 429	0	34 739 / 49 429

2. FIXED ASSETS

	Land LVL / EUR	Buildings LVL / EUR	Equipmen t LVL / EUR	Computin g equipment LVL / EUR	Other fixed assets LVL / EUR	Pending objects LVL / EUR	Total LVL / EUR
Historical cost as of 1 January 2008	67 473 / 96 005	425 435 / 605 339	590 440 / 840 120	27 480 / 39 100	219 486 / 312 301	0	1 330 314 / 1 892 866
Additions	0	157 135 / 223 583	139 627 / 198 671	5 662 / 8 056	26 151 / 37 210	0	328 575 / 467 520
Disposals	0	(970) / (1 380)	(230 347) / (327 754)	(2 401) / (3 416)	(8 250) / (11 739)	0	(241 968) / (344 289)
Historical cost as of 1 December 2008	67 473 / 96 005	581 600 / 827 542	499 720 / 711 037	30 741 / 43 740	237 387 / 337 772	0	1 416 921 / 2 016 097
Accumulated depreciation before 2008	0	113 601 / 161 639	461 111 / 656 102	19 780 / 28 145	125 196 / 178 138	0	719 688 / 1 024 025
Accumulated depreciation in 2008	0	32 840 / 46 727	56 219 / 79 992	5 548 / 7 893	31 148 / 44 320	0	125 755 / 178 933
Excluded on disposal	0	(970) / (1 380)	(230 347) / (327 754)	(2 401) / (3 416)	(8 250) / (11 739)	0	(241 968) / (344 289)
Net book value as of 31 December 2008	67 473 / 96 005	436 129 / 620 556	212 737 / 302 697	7 814 / 11 118	89 293 / 127 053	0	813 446 / 1 157 429

3. RAW AND ANCILLARY MATERIALS

Raw and ancillary materials are presented at their historical cost .

4. GOODS FOR SALE

Goods for sale are presented in the financial statements at their net realizable value

5. GOODS HELD ON CONSIGNMENT

Goods held on consignment are presented in the financial statements at their net realizable value

6. ADVANCE PAYMENTS

Amounts for raw and ancillary materials as well as advance payments for factory reconstruction designing works are presented in advance payments.

7. Work animals – guard dogs.

8. ACCOUNTS RECEIVABLE

All accounts receivable are short-term.

9. OTHER DEBTORS

	As of 31 December 2008 LVL / EUR	As of 01 January 2008 LVL / EUR
Corporate tax overpayment	44 971 / 63 988	0
VAT overpayment	81 259 / 115 621	143 489 / 204 166
Social tax and income tax overpayment	98 984 / 140 842	0
Short-term loans to partners and employees	295 583 / 420 577	143 152 / 203 687
Total	520 797 / 741 028	286 641 / 407 853

VAT overpayment amount has been used to cover VAT and other taxes for 2009. Year.

Accounts receivable consist of loans to the Company's partner that will be settled in the end of year 2009.

10. DEFERRED EXPENSES

	As of 31 December 2008 LVL / EUR	As of 01 January 2008 LVL / EUR
Press subscription	556 / 791	516 / 734
Insurance	2 535 / 3 607	2 627 / 3 738
Other	3 698 / 5 262	6 145 / 8 744
Total	6 789 / 9 660	9 288 / 13 216

11. CASH

	As of 31 December 2008 LVL / EUR	As of 01 January 2008 LVL / EUR
Cash on hand	241 / 343	772 / 1 098
Current account with NORDEA BANKA (LVL)	110 / 157	57 / 81
Current account with HANSABANKA (LVL)	452 / 643	657 / 935
Current account with HANSABANKA (currency)	0	0
Total	803 / 1 143	1 486 / 2 114

12. SHARE CAPITAL

The share capital of the Company consisted of 663,000 LVL; that is 660,000 common voting shares and 3,000 common nonvoting shares with nominal value 1 LVL per share.

13. PROVISIONS

Provisions for the reporting year consisted of vacation salaries and other remaining balance amounts.

14. CREDITORS

	As of 31 December 2008 LVL / EUR	As of 01 January 2008 LVL / EUR
Due to suppliers	84 049 / 119 591	91 573 / 130 297
Advance from suppliers	0	0
Salary for December	16 484 / 23 455	13 995 / 19 913
Taxes and social security payment	1 734 / 2 467	17 935 / 25 519
Corporate income tax	0	4 816 / 6 852
Total	102 267 / 145 513	128 319 / 182 581

15. SALES

LVL / EUR

Total sales	2 135 676 / 3 038 793
including : - operating income	2 087 660 / 2 970 472
- other operating expenses	48 016 / 68 321

16. SALES EXPENSES

Production expenses	1 330 629 / 1 893 314
Sales expenses	288 771 / 410 884
Administrative expenses	371 195 / 528 163
Total expenses	1 990 595 / 2 832 361
Profit for the year	145 081 / 206 432

17. OTHER OPERATING INCOME

Bank interest for application of funds from current account	22 / 31
Income from currency fluctuations	3 789 / 5 391
Other	1 584 / 2 254
Total	5 395 / 7 676

18. OTHER OPERATING EXPENSES

Expenses from currency fluctuations	2 744 / 3 904
Fines paid	48 / 68
Provisions for vacations	37 054 / 52 723
Donations	1 / 1
Other	21 936 / 31 212
Total expenses	61 782 / 87 908

19. PROFIT FOR THE YEAR

88 694 / 126 200

20. CORPORATE INCOME TAX (advance payments)

10 555 / 15 018

21. CORPORATE INCOME TAX /postpone/

6 954 / 9 895

22. OTHER TAXES

3 429 / 4 879

23. NET PROFIT

67 756 / 96 408

24. The average number of employees in 2008 was 78.

A/S "RĪGAS FARMACEITISKĀ FABRIKA" GOVERNING BODY REPORT

JSC "Riga Pharmaceutical Plant" is situated in Riga, 16/22 Dunties street and 6 Maza Ozolu street. The enterprise is the largest producer of finite pharmaceuticals, medical plants and drugs in Latvia. The factory was registered in Latvian Commercial Register of Enterprises in 2004. The Company has the licence for opening (activity) of drug manufacturing enterprise and has successfully passed the GMP certificate, as well as ISO 14001 standard.

The main business course of the enterprise is devoted to the manufacturing of medicines, medical goods and food supplements. All the 84 kinds of produced medicines are being realized in Latvia. In cooperation with "Briz" company we began to export our production to Estonia and Lithuania.

In 2008 a new 337 m² large hangar type storehouse for glassware storing was established; an old boiler-house was reconstructed and a new boiler installed. As a result of former storehouse capital reconstruction a new manufacturing site "Ozoli" was organized.

Last year we started offering our customers tea in teabags; this year we can offer already 9 tea sorts in bags. We plan to enlarge their assortment again in 2009. Last year we have also put in 8 new food additives, vitamin "Undevits" and "Rose hip syrup" among them.

In 2008 the enterprise turnover was 3 038 793 EUR (2 135 676 LVL), which is about 4% more than in a corresponding period in 2007. The income of the enterprise in 2008 was 96 408 EUR (67 756 LVL), which is a smaller than in a corresponding period of 2007.

In the reporting period the prices for the production units have been increased.

The government of JSC "Riga Pharmaceutical Plant" (later in the text - Enterprise) is responsible for the preparing of intermediate finance report. Intermediate reports of the enterprise are not being audited.

JSC managing board is responsible for the short forms of financial statements which would meet the requirements of valid laws and regulations, and would provide veritable and clear perceptions of JSC assets, passive stocks, the whole financial situation, income or losses, as well as is responsible for JSC managing board interim report containing true and real information.

The government of the enterprise is responsible for using a corresponding register system, for preservation of assets of the enterprise and for investigation and elimination of the deceptions and delusions committed by the enterprise. The government of the enterprise is also responsible for the observance of Latvian legislation.