

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 67 355 550 , 67 355 548 Fax 67 391 790

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 2009

DATA OF THE ENTERPRISE

- 1 Full name of the enterprise : **a/s " Rīgas Farmaceutiskā Fabrika "**
- 2 The legal status of a society : **Joint-stock company**
- 3 The state registration in the register of the enterprises : **000300076** Rīga, 26.03.1991.
- 4 The state registration in the commercial register : **40003000765** Rīga, 28.06.2004.
- 5 VAT number of the registration : **LV 40003000765**
- 6 The legal address and phones of the enterprise : **Rīga, Duntē str. 16/22 , Latvija, LV-1005**
Phones : 67 355 550 Fax : 67 391 790
67 355 551 67 355 551
67 355 548
- 7 The basic kind of activity : **manufacture of medicines**
- 8 The accounting period : **2009 year 01 january – 31 december**
- 9 The enterprises head : **Kaspars Bāliņš** p/k **190571-12768**
Post : **chairman of board**
- 10 Data on the basic shareholders (participants) :
- | | |
|------------------------------|-------------------------|
| Bergere Irina | p/k 091152-12750 |
| Share of actions(shares) (%) | 36,48 % |
| Livšica Helena | p/k 111148-10719 |
| Share of actions(shares) (%) | 32,86 % |
| Oskerko Jānis | p/k 230647-11840 |
| Share of actions(shares) (%) | 9,09 % |
- 11 Bank requisites :
- NORDEA BANKA SWIFT : NDEA LV 2X**
account Nr. **LV 32 NDEA 00000 80 121 297 (LVL)**
LV 26 NDEA 00000 80 146 528 (LVL)
- SWEDBANK SWIFT : HABA LV 22**
account Nr. **LV 51 HABA 0551 00415 6810**
(multiple currency)
- 12 The chief accountant : Natalja Gorbunova p/k 270860-10402
- 13 Average number of workers : 62
- 14 Structure of the enterprise
(the name of subdivisions, the addresses) :
- Administrācija , laboratorija**
Address : Rīga, Duntē iela 16/22 , Latvija, LV-1005
- Noliktavas telpas**
Address : Rīga, Duntē iela 16/22 , Latvija, LV-1005
Rīga, Maza Ozola 6 , Latvija, LV-1005
- Galēniskais iecirknis**
Address : Rīga, Duntē iela 16/22 , Latvija, LV-1005
- Fasēšanas iecirknis**
Address : Rīga, Duntē iela 16/22 , Latvija, LV-1005
- Ārstniecisko drogu iecirknis**
Address : Rīga, Maza Ozola 6 , Latvija, LV-1005

a/s "Rīgas Farmaceutiskā Fabrika"

reg. No 40003000765
Rīga, Dunties iela 16/22

BALANCE SHEET

for the period ended 31 december 2009

Period

01.01.2009.

31.12.2009.

(LB currency EUR rate = 0.702804)

ASSETS	Line code	The end of reporting period 2009.g. 01.01.-31.12. LVL	The end of reporting period 2009.g. 01.01.-31.12. EUR	The end of reporting period 2008.g. 01.01.-31.12. LVL	The end of reporting period 2008.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	50 883	72 400	34 739	49 429
3 Other intangible rights	21				
4 Intangible value of enterprise	30		-		-
5 Advance payments of intangible investments	40				
TOTALLY	1	50883	72400	34739	49429
<i>II Fixed assets</i>					
1 Lands, buildings, constructions and prennial plantations	60	457 701	651 250	503 602	716 561
2 Long-term leased fixed	70				
3 Technological equipment and machines	80	174 865	248 810	212 737	302 697
4 Other fixed assets and inventory	90	58 679	83 493	97 107	138 171
5 Forming of fixed assets and costs of unfinished objects of constructio	100				
6 Advance payments for fixed assets	110				
TOTALLY	2	691245	983553	813446	1157429
<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		742128	1055953	848185	1206859
2. Current assets					
<i>I Stocks</i>					
1 Row materials, direct materials and auxiliary materials	3 230	261 287	371 778	312 007	443 946
2 Unfinished products	4 240	12 864	18 304	39 268	55 873
3 Complete products and goods for sale	5 250	112 495	160 066	84 011	119 537
4 Unfinished orders	260				
5 Advance payments for goods	6 270	48 507	69 019	1 346	1 915
6 Work animals and productive animals	7 280	150	213	150	213
TOTALLY		435303	619380	436782	621485
<i>II Debtors</i>					
1 Customers and client debts	8 300	199 707	284 157	184 909	263 102
2 Related companies debts	310	-		-	
3 Affiliated companies debts	320	-		-	
4 Other debts	9 330	197 448	280 943	520 786	741 012
5 Undeposited shares in business capital	340				
6 Short - term loans to joint owners and administration	9 350	205	292	11	16
7 Accrued income	10 360	5 914	8 415	6 789	9 660
TOTALLY		403274	573807	712495	1013789
<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	11 682	16 622	803	1 143
2. TOTALLY		850259	1209810	1150080	1636416
BALANCE		1592387	2265763	1998265	2843275

LIABILITIES		Line code	The end of reporting period 2009.g. 01.01.-31.12. LVL	The end of reporting period 2009.g. 01.01.-31.12. EUR	The end of reporting period 2008.g. 01.01.-31.12. LVL	The end of reporting period 2008.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	739 748	1 052 567	671 992	956 158
9 Retained profit of the year of accountant		540	(984 292)	(1 400 521)	67 756	96 408
TOTALLY			446516	635335	1430808	2035856
1. TOTALLY			446516	635335	1430808	2035856
2. Stockpiles						
<i>Stockpiles</i>						
1 Reserves for pensions and similar obligations		560				
2 Reserve for prospective taxes	13	570	41 829	59 517	36 103	51 370
3 Other stockpiles	13	580	14 001	19 922	24 276	34 542
TOTALLY			55830	79439	60379	85912
2. TOTALLY			55830	79439	60379	85912
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	465 000	661 635	-	
6 Debts to suppliers and contractors	14	800	597 073	849 558	488 860	695 585
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	14 513	20 650	1 734	2 467
11 Other creditors	14	850	13 455	19 145	16 484	23 455
12 Deferred income		860	-		-	
13 Dividends of the year of account		870	-		-	
14 Unpaid dividends of previous years		880	-		-	
TOTALLY			1090041	1550989	507078	721507
3. TOTALLY			1090041	1550989	507078	721507
BALANCE			1592387	2265763	1998265	2843275

a/s "Rīgas Farmaceutiskā Fabrika "

reg. No 40003000765
Rīga, Dunties iela 16/22

PROFIT OR LOSS STATEMENT

for the period ended 31 december 2009

Period 01.01.2009.
31.12.2009.

(LB currency EUR rate = 0.702804)

No	Special rate	Note	ROW	The end of reporting period 2009.g. 01.01.- 31.12. LVL	The end of reporting period 2009.g. 01.01.- 31.12. EUR	The end of reporting period 2008.g. 01.01.- 31.12. LVL	The end of reporting period 2008.g. 01.01.- 31.12. EUR
1.	Net turnover	15	10	1782020	2535586	2135676	3038793
2.	Cost of sales (prime cost)	16	20	-1349109	-1919609	-1330629	-1893314
3.	Gross profit or loss		30	432911	615977	805047	1145479
4.	Sales Distribution costs:	16	40	-317451	-451692	-288771	-410884
5.	Administration costs	16	50	-282156	-401472	-371195	-528163
6.	Other operating income	17	60	1310	1864	5395	7676
7.	Other operating expenses	18	70	-809919	-1152411	-61782	-87908
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	-975305	-1387734	88694	126200
14.	Extraordinary income		140				
15.	Extraordinary charges		150				
16.	Profit or loss before tax	19	160	-975305	-1387734	88694	126200
17.	Tax on profit or loss for the financial period	20	170	0	0	-10555	-15018
18.	Tax on profit (pustpone) or loss for the financial period	21	170	-5726	-8147	-6954	-9895
19.	Other taxes	22	180	-3261	-4640	-3429	-4879
20.	Profit or loss for the financial period	23	190	-984292	-1400521	67756	96408
EPS k-t				-1.4846	-2.1124	0.1022	0.1454

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 **67 355 550, 67 355 548** Fax **67 391 790**Unit: **LVL and EUR****OVERVIEW OF EQUITY CAPITAL CHANGES**

Period 01.01.2009.

(LB currency EUR rate = 0.702804) 31.12.2009.

for the period ended 31 december 2009

		The end of reporting period 2009.g. 01.01.- 31.12. , LVL	The end of reporting period 2009.g. 01.01.- 31.12. , EUR	The end of reporting period 2008.g. 01.01.- 31.12. , LVL	The end of reporting period 2008.g. 01.01.- 31.12. , EUR
1.	Share capital				
	Post-balance residue on: 01.01.2009.	663 000	943 364	663 000	943 364
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.12.2009.	663 000	943 364	663 000	943 364
2.	Share premium				
	Post-balance residue on: 01.01.2009.	0	0	0	0
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.12.2009.	0	0	0	0
3.	Revaluation reserve of long-term investments				
	Post-balance residue on: 01.01.2009.	0	0	0	0
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.12.2009.	0	0	0	0
4.	Mandatory reserves				
	Post-balance residue on: 01.01.2009.	0	0	0	0
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.12.2009.	0	0	0	0
5.	Revaluation of own stocks of shares reserves				
	Post-balance residue on: 01.01.2009.	0	0	0	0
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.12.2009.	0	0	0	0
6.	Reserves determined by company statute				
	Post-balance residue on: 01.01.2009.	0	0	0	0
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.12.2009.	0	0	0	0
7.	Other reserves				
	Post-balance residue on: 01.01.2009.	28 060	39 926	28 060	39 926
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.12.2009.	28 060	39 926	28 060	39 926
8.	Retained profit				
	Post-balance residue on: 01.01.2009.	739 748	1 052 567	671 992	956 158
	Post-balance residue on: 31.12.2009.	-244 544	-347 955	739 748	1 052 567
9.	Equity capital (total)				
	Post-balance residue on: 01.01.2009.	1 430 808	2 035 856	1 363 052	1 939 448
	Post-balance residue on: 31.12.2009.	446 516	635 335	1 430 808	2 035 856

a/s "Rīgas Farmaceutiskā Fabrika "

reg. No 40003000765
Rīga , Dunties iela 16/22

STATEMENT OF CASH FLOW

for the period ended 31 december 2009

Period 01.01.2009.

(LB currency EUR rate = 0.702804) 31.12.2009.

	Note No	The end of reporting period 2009.g. 01.01.-31.12. , LVL	The end of reporting period 2009.g. 01.01.-31.12. , EUR	The end of reporting period 2008.g. 01.01.-31.12. , LVL	The end of reporting period 2008.g. 01.01.-31.12. , EUR
CASH FLOW from operating activities					
Net profit (before enterprise income tax)		-975305	-1387734	88694	126200
<i>Corrections to adjust the profit of revision year to hard cash of economic activities :</i>					
Depreciation of fixed assets and intangible investments		148128	210767	131361	186910
Profit or loss from sale of fixed assets and intangible investments		13017	18522	1872	2664
Expenditures per cent		0	0	0	0
Provisions for non-used holidays		-10276	-14621	5698	8108
Other reserves		0	0	0	0
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)		-3261	-4640	-3429	-4879
Paid enterprise income tax		0	0	-10555	-15018
<i>The changes of the current assets and liabilities:</i>					
Provisions		248994	354287	-69439	-98803
Debts of customers and subscribers		1480	2106	469148	667537
Expenditures of next periods		875	1245	2498	3554
Others debtors		323144	459792	-234155	-333173
Advance payments from customers		465000	661635	0	0
Debts to suppliers and contractors		-155580	-221370	-7524	-10706
Other creditors		9750	13873	-18528	-26363
Net cash provided by (used in) operating activities		65966	93861	355641	506032
CASH FLOW from investing activities					
Fixed assets purchase costs		-61476	-87472	-356324	-507003
Investment costs		0	0	0	0
Fixed assets selling income		6389	9091	0	0
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		-55087	-78382	-356324	-507003
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	0	0
Other loans		0	0	0	0
Fixed assets investments		0	0	0	0
Cost of dividends		0	0	0	0
Net cash provided by (used in) financing activities		0	0	0	0
Net increase (decrease) in cash		10879	15479	-683	-972
Cash at the beginning of the year		803	1143	1486	2114
Cash at the end of the year		11682	16622	803	1143

A/S " RĪGAS FARMACEITISKĀ FABRIKA "

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2009

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 2009 till 31 December 2009.

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

The financial statements reporting period is 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 2009	0	67 358 / 95 842	3 682 / 5 239	71 040 / 101 081
Additions	0	34 264 / 48 753	0	34 264 / 48 753
Disposals	0	(7 470) / (10 629)	0	(7 470) / (10 629)
Historical cost as of 31 December 2009	0	94 152 / 133 966	3 682 / 5 239	97 834 / 139 205
Accumulated depreciation before 2009	0	32 619 / 46 413	3 682 / 5 239	36 301 / 51 652
Excluded on disposal	0	0	0	0
Accumulated depreciation in 2009	0	10 650 / 15 153	0	10 605 / 15 153
Net book value as of 31 December 2009	0	50 883 / 72 400	0	50 883 / 72 400

2. FIXED ASSETS

	Land LVL / EUR	Buildings LVL / EUR	Equipmen t LVL / EUR	Computin g equipment LVL / EUR	Other fixed assets LVL / EUR	Pendin g objects LVL / EUR	Total LVL / EUR
Historical cost as of 1 January 2009	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
Additions	0	0	21 148 / 30 091	221 / 314	5 843 / 8 314	0	27 212 / 38 719
Disposals	0	0	(18 563) / (26 413)	(227) / (323)	(21 064) / (29 971)	0	(39 854) / (56 707)
Historical cost as of 31 December 2009	67 473 / 96 005	581 600 / 827 542	502 305 / 714 715	30 735 / 43 731	222 166 / 316 115	0	1 404 279 / 1 998 109
Accumulated depreciation before 2009	0	145 471 / 206 987	286 983 / 408 340	22 927 / 32 622	148 094 / 210 719	0	603 475 / 858 667
Accumulated depreciation in 2009	0	45 901 / 65 311	59 020 / 83 978	4 925 / 7 007	27 630 / 39 314	0	137 476 / 195 610
Excluded on disposal	0	0	(18 563) / (26 413)	(227) / (323)	(9 127) / (12 986)	0	(27 917) / (39 722)
Net book value as of 31 December 2009	67 473 / 96 005	390 228 / 555 245	174 865 / 248 810	3 110 / 4 425	55 569 / 79 068	0	691 245 / 983 553

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

Advance payments for following period expenses connected with real estate, amounts for raw and ancillary materials as well as advance payments for fixed assets are presented in advance payments.

7. Work animals – guard dog.

8. ACCOUNTS RECEIVABLE

All accounts receivable are short-term.

9. OTHER DEBTORS

	As of 31 December 2009 LVL / EUR	As of 01 January 2009 LVL / EUR
Corporate income tax overpayment	44 971 / 63 988	44 971 / 63 988
VAT overpayment	152 477 / 216 955	81 259 / 115 621
Other income overpayment	0 / 0	98 984 / 140 842
Short-term loans to partners and employees	205 / 292	295 583 / 420 577
Total	197 653 / 281 235	520 797 / 741 028

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 Oktober of year 2009.

10. DEFERRED EXPENSES

	As of 31 December 2009 LVL / EUR	As of 01 January 2009 LVL / EUR
Press subscription	479 / 682	556 / 791
Insurance	1 875 / 2 668	2 535 / 3 607
Other	3 560 / 5 065	3 698 / 5 262
Total	5 914 / 8 415	6 789 / 9 660

11. CASH

	As of 31 December 2009 LVL / EUR	As of 01 January 2009 LVL / EUR
Cash on hand	847 / 1 205	241 / 343
Current account with NORDEA BANKA (LVL)	8 857 / 12 602	110 / 157
Current account with HANSABANKA (LVL)	1 978 / 2 815	452 / 643
Current account with HANSABANKA (currency)	0	0
Total	11 682 / 16 622	803 / 1 143

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 2009 LVL / EUR	As of 01 January 2009 LVL / EUR
Customer s advanced payments	728 793 / 1 036 979	404 811 / 575 994
Due to suppliers	333 280 / 474 215	84 049 / 119 591
Salary for December	13 455 / 19 145	16 484 / 23 455
Taxes and social security payment	14 513 / 20 650	1 734 / 2 467
Corporate income tax	0 / 0	0 / 0
Total	1 090 041 / 1 550 969	507 078 / 721 507

15. SALES

	LVL / EUR
Total sales	1 782 020 / 2 535 586
including : - operating income	1 706 443 / 2 428 050
- other operating expenses	75 577 / 107 536

16. SALES EXPENSES

Production expenses	1 349 109 / 1 919 609
Sales expenses	317 451 / 451 692
Administrative expenses	282 156 / 401 472
Total expenses	1 948 716 / 2 772 773
Loss for the year	166 696 / 237 187

17. OTHER OPERATING INCOME

Bank interest for application of funds from current account	47 / 67
Income from currency fluctuations	438 / 623
Other	825 / 1 174
Total	1 310 / 1 864

18. OTHER OPERATING EXPENSES

Interest payments (leasing)	4 467 / 6 356
Expenses from currency fluctuations	105 941 / 150 741
Fines paid	90 / 128
Provisions for vacations	34 802 / 49 519
Donations	2 100 / 2 988
Previous periods expenses that are included in current statement	640 299 / 911 063
Other	22 220 / 31 616
Total expenses	809 919 / 1152 411

19. LOSS FOR THE YEAR	975 305 / 1 387 734
20. CORPORATE INCOME TAX	0 / 0
21. CORPORATE INCOME TAX /postpone/	5 726 / 8 147
22. OTHER TAXES	3 261 / 4 640
23. NET LOSS	984 292 / 1 400 521

24. The average number of employees in 2009 was 62.

25. COMPANY'S SHAREHOLDERS' COUNCIL AND THE BOARD

(1) SHAREHOLDERS' COUNCIL

Chairman of the Council since 5 May 1999:	Dailonis PAKALNS
Members of the Council since 25 April 2005:	Jūlija DMITRIJEVA
Members of the Council since 22 April 2009:	Vladimirs IVANIKINS
Members of the Council since 28 September 2009:	Nataļja GORBUNOVA Aksana BĒRZIŅA

(2) THE BOARD

Chairman of the Board:	Kaspars BĀLIŅŠ
Members of the Board:	Vladimirs RUKAVICINS Uģis FREIMANIS

26. SALARY TO BOARD AND COUNCIL

	LVL / EUR	
	2008 year	2008 year
Salaries	18 392 / 26 170	18 990 / 27 020
Social security payments	4 429 / 6 302	4 853 / 6 905
Total	22 821 / 32 472	23 843 / 33 925

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 license for opening (activity) of drug manufacturing enterprise and has successfully passed the GMP certificate.

The main business course of the enterprise is devoted to the manufacturing of medicines, medical goods and food supplements. All kinds of produced medicines main part are being realized in Latvia. At present enterprise produces 84 medicaments.

In the year 2009 expansion of galenic production unit was made and equipment renewed.

In the year 2009 enterprise has expanded the range of goods with more than 20 new products.

In the year 2009 enterprise turnover was 2 535 586 EUR (1 782 020 LVL), which is about 17 % less than in a corresponding period in 2008. The loss of the enterprise in 2009 was 1 400 521 EUR (984 292 LVL). The losses in the year 2009 have risen to the great extent due to economic crises that impacted the volumes of realization of the company. We produced 1 million less production units in last year in comparison with previous year, which substantially impacted prime cost of our produced production.

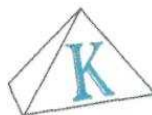
Government of the enterprise is going to equilibrate current year losses with previous and following years profit and accumulated funds.

Government of the enterprise hopes that this year gained experience and investments will bring good results for the company in future.

Government of JSC "Riga Pharmaceutical Plant" (later in the text - Enterprise) is responsible for preparing of intermediate finance report.

Government certifies that financial reports were prepared of in accordance with existing standard acts and represent in a true and distinct way the state of company's assets and liabilities, financial performance, profits and loss, as well as that the government statement provides faithful 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.



SIA "KONSULTS"

LZRA licence Nr.39

Cēsis LV 4100 Rīgas iela 4

Reģ.Nr. LV 44103010249

INDEPENDENT AUDITORS' REPORT

To the Shareholders of RĪGAS FARMACEITISKĀ FABRIKA JSC

Report on the Financial Statements

We have audited the accompanying financial statements of RĪGAS FARMACEITISKĀ FABRIKA JSC which comprise the balance sheet as of 31 December 2009 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Annual Accounts Act of the Republic of Latvia [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.

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 as adopted by the Latvian Association of certified auditors. 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 is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of RĪGAS FARMACEITISKĀ FABRIKA JSC as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with the requirements of the Annual Accounts Act of the Republic of Latvia.

Report on the Management Report

We have read the Management Report did not identify material inconsistencies between the financial information contained in the Management Report and that contained in the financial statements for 2009.


G. Jaunzeme
Sworn auditor, certificate No.16
Member of the Board
"KONSULTS" Ltd
Audit Company Licence No. 39



Cesis
26.04.2010.

