

JOINT STOCK COMPANY OLAINFARM
(UNIFIED REGISTRATION NUMBER 40003007246)
CONSOLIDATED ANNUAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2012

PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS, AS ADOPTED BY THE EU

Olaine, 2012

Contents

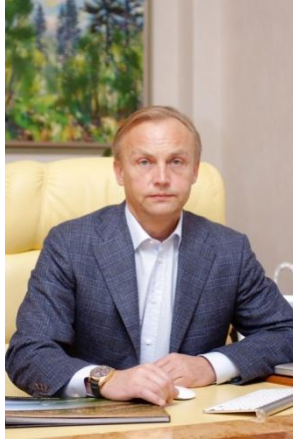
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General information

Name of the Parent Company	OLAINFARM
Legal status of the Parent Company	JOINT STOCK COMPANY
Unified registration number, place and date of registration of the Parent Company	40003007246 Riga, 10 June 1991 (re-registered on 27 March 1997)
Registered office of the Parent Company	Rūpnīcu iela 5 Olaine, Latvia, LV-2114
Major shareholders of the Parent Company	Valērijs Maligins - 29.24% SIA Olmafarm - 42.56% AS Swedbank Clients Account – 12.64%

Board

Supervisory Council elects the Management Board of AS Olainfarm for five years. When selecting the members of the Management Board, Council assesses experience of candidates in team management, in particular area of responsibility of candidate and in pharmaceutical sector in general.

Valērijs Maligins, Chairman of the Board

Valērijs Maligins is the Chairman of Management Board of Olainfarm. He has obtained a degree of a Doctor of Economics at NewPort Interational University, Baltic Center (2007), as well as Master of economics and social sciences (University of Latvia, 2002), Bachelor of economics and finances (RSEBAA 1998). V. Maligins has more than 20 years of experience in pharmaceutical sector, 14 of them from management positions at AS Olainfarm.

Positions held in other companies:

SIA Olmafarm, Chairman of the Board
Hunting Club Vitkupe, Board Member

Participation in other companies:

SIA Lano Serviss (25.04%)
SIA Vega MS (60%)
SIA Briz (12.48%)
SIA Olfa Press (45%)
SIA Carbochem (50%)
SIA Aroma (75%)
SIA Olmafarm (100%)
SIA Escargot (33.50%)
SIA Olalex (50%)

Number of shares of AS Olainfarm owned (as of September 30, 2012):

- Directly: 4 118 244
- Indirectly (through SIA Olmafarm): 5 994 054
- Total: 10 112 298

Jelena Borcova, Board Member



Jelena Borcova is a member of Company's Management Board and a qualified person. J. Borcova has a degree in Pharmacy (Medical Institute of Riga, 1988). J. Borcova has more than 15 years of experience in pharmaceutical production.

Positions held in other companies:

SIA Carbochem, Board Member (till 21 of June, 2012)

Participation in other companies: none

Number of shares of AS Olainfarm owned (as of September 30, 2012): 0

Inga Liščika



Inga Liscika is a member of Company's Management Board and a Finance director. I. Liscika has been studying the Professional Management programme at English „Open University“. I. Liscika is a Master of Business Economics (Riga Technical University 1997) and a civil engineer (1995). I. Liscika has been working at AS Olainfarm for more than 10 years.

Positions held in other companies:

SIA Pharma and Chemistry Competence Centre of Latvia, Council Member
AS Lege Artis Rīga, Council Member;
SIA First Class Lounge, Board Member
SIA Olalex, Board Member
SIA „Carbochem“, Board Member (from 21 of June, 2012)

Participation in other companies: none

Number of shares of AS Olainfarm owned (as of September 30, 2012): 1 302

Salvis Lapiņš



Salvis Lapins is a member of Company's Management Board, manager of Investor relations. He has been studying business in RSEBAA and law in University of Latvia. He has been actively working in financial and pharmaceutical sectors since 1995.

Positions held in other companies: none

Participation in other companies:

SIA Baltic Team-Up (50%)

Number of shares of AS Olainfarm owned (as of September 30, 2012): 83 653

Veranika Dubickaya



Veronika Dubicka (Veranika Dubitskaya) since 2005 works in Company representation in Belarus. Till 2006 the madam Dubitsky held a post of the medical representative, since 2006 till July, 2009 a post of the manager, and since July, 2009 till May, 2011 was the principal of representation of Company in Belarus.

Positions held in other companies: none

Participation in other companies: none

Number of shares of AS Olainfarm owned (as of September 30, 2012): 0

Council

Supervisory Council of AS Olainfarm is elected by General Meeting of Shareholders for 5 years. Supervisory Council is a supervising institution, representing interests of shareholders between meetings of shareholders. Main tasks of the Supervisory Council include supervising the Management Board and these are the main requirements that are taken into account when shareholders propose new members of the Council.

Supervisory Council sets the remuneration for the members of the Management Board, while the remuneration of the Council itself is set by the General Meeting of Shareholders.

Valentina Andreeva

Valentina Andreeva, the chairman of the council

Valentina Andreeva, the Doctor of Economics of the Riga technical university (Dr.oec.) - 2006, and also has degree of the master of economic sciences in a management of the enterprise activity, received in the Riga technical university in 2001, a speciality of the engineer-economist which it has received in 1976 at the Riga polytechnical institute.

Positions held in other companies: none

Participation in other companies: none

Number of shares of AS Olainfarm owned (as of September 30, 2012): 0

Jelena Dudko, Deputy Chairperson of the Council

Jelena Dudko is a Strategic Development and Marketing Director of pharmaceutical company Olfa. In 1996 J.Dudko graduated post graduate course in Faculty of Therapy and Hematology of Kiev Medical Academy.

Positions held and participation in other companies: none

Number of shares of AS Olainfarm owned (as September 30, 2012): 0

Aleksandrs Raicis

Aleksandrs Raicis is a Deputy Director of Latvian Association of Medical Wholesalers and Pharmaceutical Director of SIA "Briz". A.Raicis has a degree in Pharmacy from Riga Medical Institute (1984).

Positions held in other companies:

SIA BRIZ , Board Member

Participation in other companies:

SIA SUPEREURO (17%)

SIA VIP Pharma (50%)

SIA Reesus (30%).

SIA Briz (10.96%)

Number of shares of AS Olainfarm owned (as September 30, 2012): 0

Volodimir Krivozubov

Volodimir Krivozubov is a Director of Ukrainian OOO "Torgoviye Tehnologii". V.Krivozubov has a medical degree from A. Bogomolec Kiev Medical Institute (1984).

Positions held in other companies:

OOO Torgovije Tehnologii (Ukraine), General Director

Participation in other companies: none

Number of shares of AS Olainfarm owned (as of September 30, 2012): 0

Signe Baldere-Sildedze (till April 27, 2012)

Since 2007 S.Baldere-Sildedze was a Commercial Director of SIA Louvre. In 1997 S.Baldere-Sildedze graduated International School of Hospitality and Tourism in Switzerland.

Positions held in other companies: SIA Louvre, Board Member

Participation in other companies: SIA Louvre (50%)

Number of shares of AS Olainfarm owned (as of September 30, 2012): 0

Tālis Talents (no 2012.gada 27.aprīļa)

Talis Talents completed higher education in Riga Medical Institute, Faculty of Pharmacy (1980th year), the pharmacist profession, won the 1992 Manager's qualifications Iskra Business School in Tokyo, Japan.

Positions held in other companies: none

Participation in other companies: none

Number of shares of AS Olainfarm owned (as of September 30, 2012): 0

Movements in the Board during the year
1 January 2012 through
30 September 2012

None

Movements in the Council during the year
1 January 2012 through
30 September 2012

On April 27, 2012 "Olainfarm" Shareholder Meeting Board instead of member
S. Baldere- Sildedze elected Tālis Talent.

Subsidiaries

SIA Ozols JDR (100%)

Zeiferta iela 18B, Olaine, LV-2114, from 18/10/2010

SIA Olainfarm enerģija (50%)

Rūpnīcu iela 5, Olaine, LV-2114, from 15/09/2010

SIA Pharma and Chemistry Centre of Latvia (11%)

Dzirnavu iela 93-27, Rīga, LV-1011, from 11/08/2010

SIA JUKO 99 (100%)

Celmu iela 3, Rīga, LV-1079, from 28/10/2011

SIA Ilmas Aptieka (100%)

Krišjāņa Barona iela 117, Rīga, LV-1012, from 02/11/2011

SIA Veritas-Farm (100%)

Valkas iela 2a, Daugavpils, LV-5417, from 06/12/2011

AS Lege Artis Rīga (100%)

Rūpnīcu iela 5, Olaine, LV-2114, from 01/12/2011

SIA First Class Lounge (51%)

Baznīcas iela 20/22-10, Rīga, LV-1010, from 08/12/2011

SIA Inula Farma (100%)

Nīcgales iela 47A, Rīga, LV-1035, from 21/12/2011

SIA Vita Plus Aptieka (100%)

Dārza iela 6, Priekule, Priekule nov., LV-4126, from 22/12/2011

SIA Teriaks Pļaviņu aptieka (100%)

Odzienas iela 1, Priekule, Priekule nov., LV-5120, from 09/02/2012

„Aptieka Rudens 10” (100%)

Rūpnīca iela 5, Olaine, LV-2114, from 21.03.2012.

SIA „Rudens Laiks” (100%)

Rūpnīca iela 5, Olaine, LV-2114, from 21.03.2012.

SIA „Esplanāde Farm” (100%)

Kandavas iela 4, Daugavpils, LV-5401, from 17.07.2012.

“OLAINFARM ILJAČ VE TIBBI URJUNLERI SANAJI VE TIDŽARET LIMITED ŠIRKETI” (99%)

Kırbis Şehitleri. Džadesi Nr.134/1, Daire: 204, Alsandžaka /IZMIRA, Turcija.

Core business activity

Manufacture of basic pharmaceutical products and pharmaceutical preparations

Audit Committee

Žanna Karaseva

Financial year

1 January – 30 September 2012

Auditors

Iveta Vimba
Member of the Board
Latvian Certified Auditor
Certificate No. 153.

SIA Ernst & Young Baltic
Muitas iela 1A, Riga
Latvia, LV-1010
Licence No. 17

Company does not have any other contractual relationships either with its auditor or auditing company.

Major shareholders

	Holding (%)
Swedbank AS Clients Account Formerly AS Swedbank	12.64%
Olmafarm, SIA	42.56%
V.Maligins	29.24%
Other shareholders	<u>15.56%</u>
Total	100.00%

MANAGEMENT REPORT

General information

During the reporting period changes have been made to the composition of the Concern and it now consists from parent company a/s „Olainfarm”, its daughter companies SIA „Ozols JRD”, whose major activities will be related to organizing sports and active leisure events in Olaine, daughter company „Olainfarm Enerģija”, that will be engaged in production of electric energy using cogeneration technologies, travel agency „First Class Lounge” and pharmaceutical retail companies SIA „Ilmas Aptieka”, SIA „Juko 99”, SIA „Veritas Farm”, SIA „Inula Farma”, a/s „Lege Artis” and SIA „Vita Plus”. In February 2012, shares in SIA „Teriaks Pļaviņu Aptieka”, in June 2012 shares in SIA “Rudens Laiks” and SIA “Rudens 10” were purchased, but in July 2012 shares in SIA “Esplanāde Farm” were also acquired.

The Group is one of the biggest pharmaceutical companies in Latvia with 40 years of experience in production of medication and chemical and pharmaceutical products. A basic principle of Group’s operations is to produce reliable and effective top quality products for Latvia and the rest of the world. Products made by the Group are being exported to more than 30 countries of the world, including the Baltics, Russia, other CIS, Europe, Asia, North America and Australia.

Corporate mission and vision

Corporate mission:

JSC „Olainfarm” is one of the biggest manufacturers of finished drug forms chemical products in the Baltics. The keystone of our work is manufacturing of reliable and effective high quality products to the whole world. We are about fair and effective cooperation with our customers – patients, doctors, pharmacists and other partners. In achievement of our goals we are creating a team of highly qualified, socially secured and well-motivated employees. Our priority is organizing an environmentally friendly manufacturing and constant increase of the Company’s shareholders value.

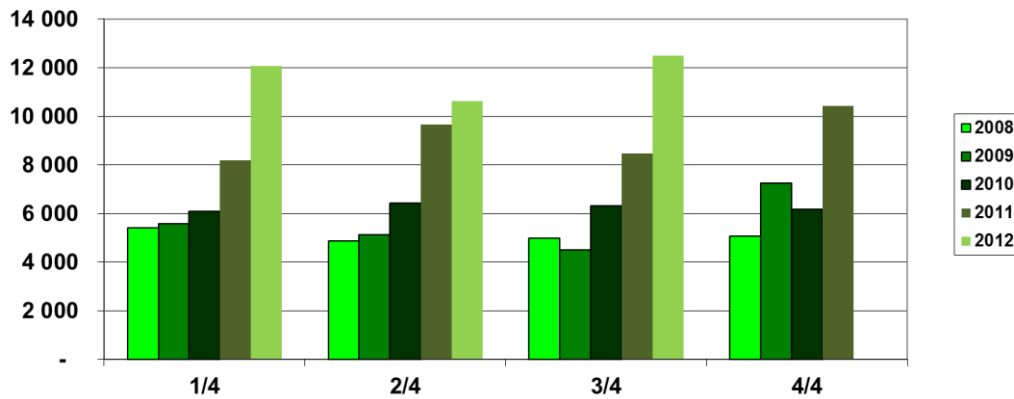
Corporate vision:

We are aiming to become the leading manufacturer of finished drug forms and chemical-pharmaceutical products in the Baltics and to make our products known and available worldwide.

Financial results

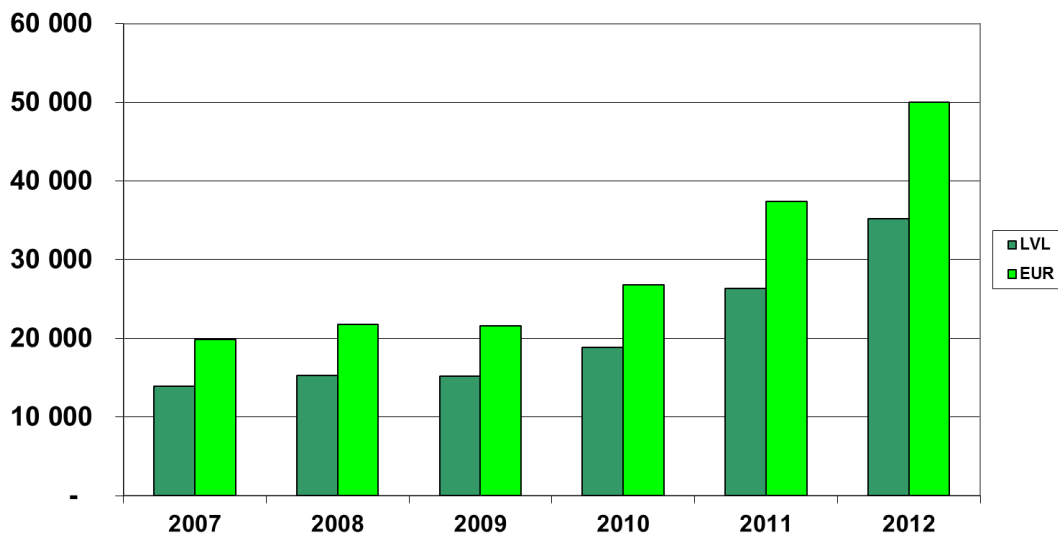
During the 3rd quarter of 2012 the sales of company grew by 47% and reached 12.5 million lats (17.8 million euro) which makes this the most successful quarter in a corporate history.

Sales by Quarters, Thsnd LVL

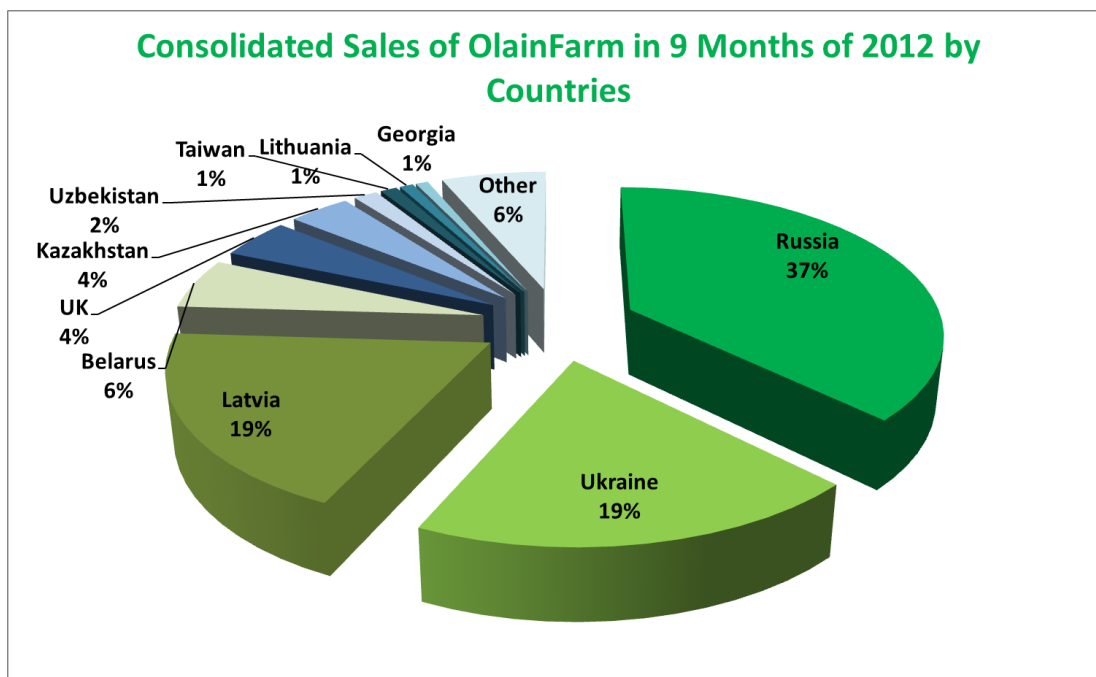


First nine months combined have also been the best in corporate history in terms of sales. Consolidated nine months sales have reached 35.2 million lats (50 million euro), which represents an increase by 34% compared to similar period of 2011.

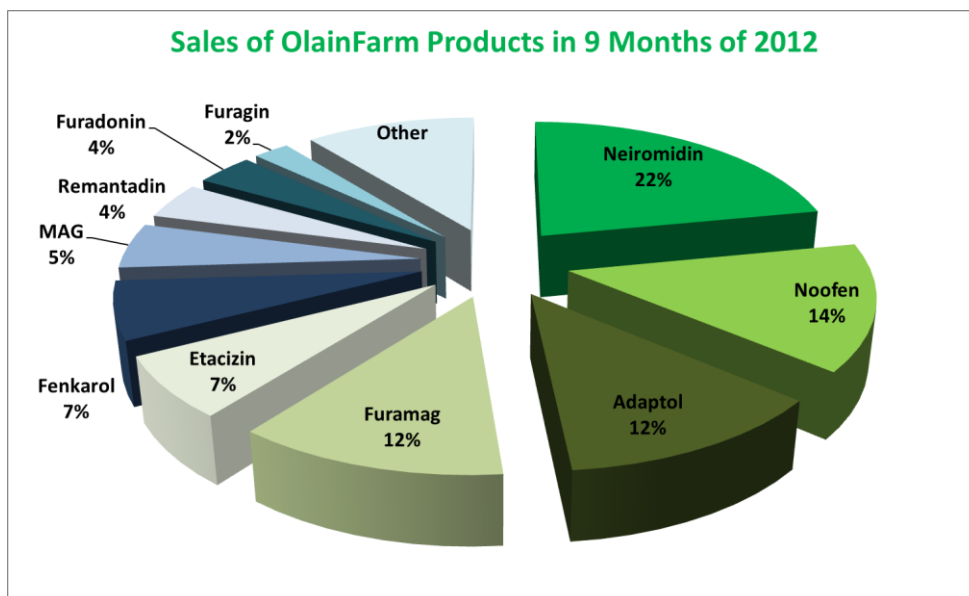
Sales in 9 Months , Thsnd.



During nine months of 2012 sales to all our key markets continued growing, except Belarus. The biggest sales increases were achieved in Taiwan, where sales grew 8 times, in Latvia, where sales grew fourfold, the UK, where sales doubled and Russia, where sales grew by 30%. Major sales markets of AS “OlainFarm” in nine months of 2012 were Russia, Latvia, Ukraine, Belarus, Kazakhstan and the UK.

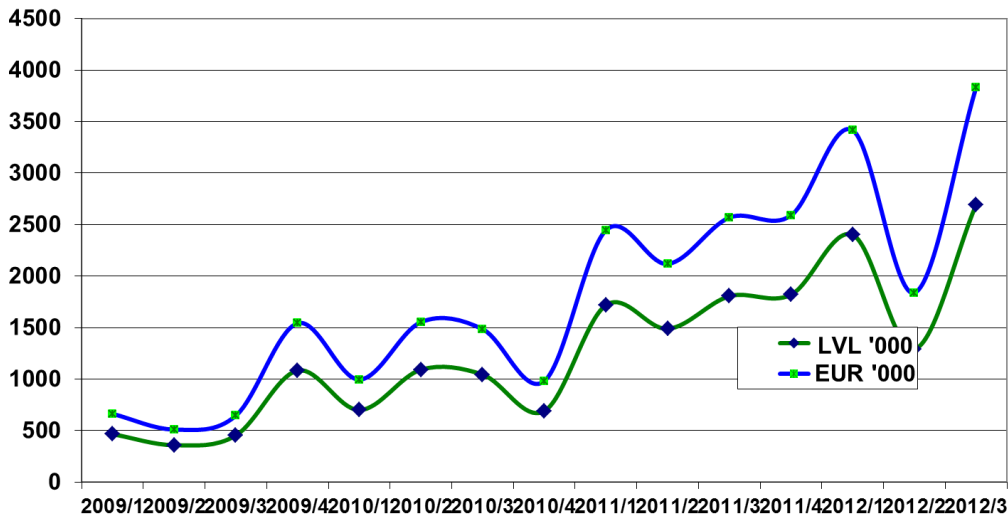


During 2012 the share of bestselling products Neiromidin® in total sales stabilized at the level of 22%. Share of all the other products has also remained relatively unchanged. Product portfolio is still well diversified, as 10 best-selling products make up 89% of total sales.



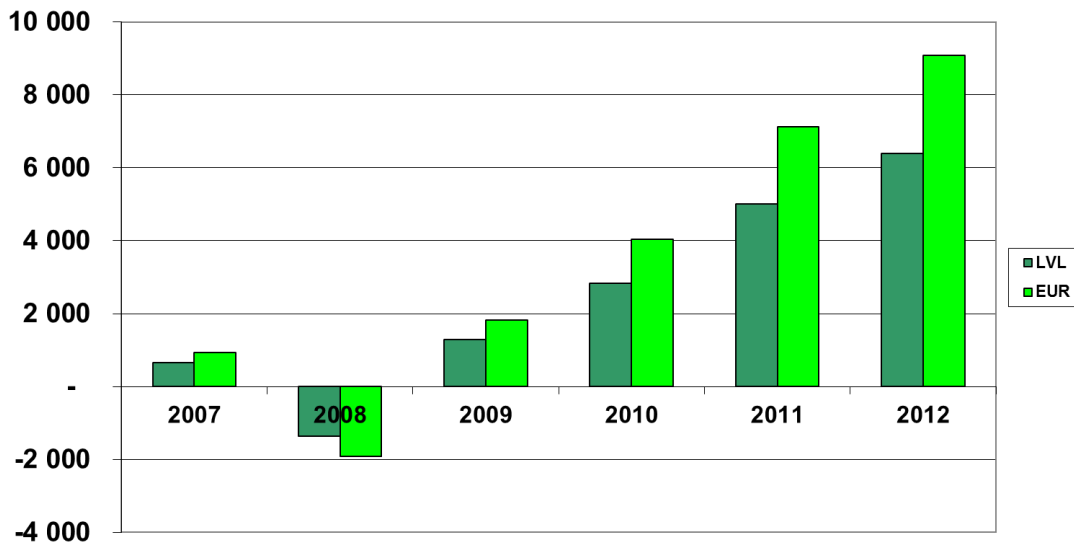
Yet another sales record is also reflecting in profitability of the company. 3rd quarter of this year has also been the most profitable quarter in corporate history. During this period a profit of 2.7 million lats (3.8 million euro) has been made. This represents an increase by 50% compared to the third quarter of 2011.

Profit by Quarters



Since 3rd quarter of this year has been very successful, in terms of both, sales and profit, new record of profit for 9 months combined has also been set. During 9 months of this year the company has made a net profit of 6.4 million lats (9.1 million euro), which is an increase by 27% compared to 9 months of 2011 and almost ten times more than in 2007.

Nine Months Profit, Thsnd.



Other financial indicators of the company are also experiencing improvements.

Financial indicator	30.09.2012.	30.09.2011.	% to previous period
Sales (LVL)	35 164 241	26 289 802	138%
Net profit (LVL)	6 385 399	5 012 911	127%
EBITDA (LVL)	9 092 391	7 534 211	121%
EBIT (LVL)	7 499 724	6 127 888	122%
Sales (EUR)	50 034 207	37 407 018	138%
Net profit (EUR)	9 085 604	7 132 729	127%
EBITDA (EUR)	12 937 307	10 720 216	121%
EBIT (EUR)	10 671 146	8 719 199	122%
EBITDA margin, %	26	29	
Net margin, %	18	19	
EBIT margin, %	21	23	
Profit, last 12 months (LVL)	8 286 538	5 716 286	145%
Profit, last 12 months (EUR)	11 790 681	8 133 542	145%
EBITDA, last 12 months (LVL)	11 913 005	9 038 608	132%
EBITDA, last 12 months (EUR)	16950 679	12 860 781	132%
ROA, % (last 12 months)	17,8	14,8	
ROE, % (last. 12 months)	25,1	22,6	
Current ratio	3,4	3,0	
EPS, LVL (quarter)	0,45	0,36	138%
EPS, EUR (quarter)	0,65	0,51	138%
Share price, end of the period (LVL)	3,07	2,36	130%
Share price, end of the period (EUR)	4,37	3,36	130%
P/E, last 12 months	5,2	5,8	
Market capitalisation at the end of the period (LVL)	43 241 189	33 240 784	130%
Market capitalisation at the end of the period (EUR)	61 526 670	47 297 375	130%
P/B	1,3	1,3	

Annual meeting of shareholders of A/s "Olainfarm" held on April 27, 2012 approved operating plan of the Concern. According to it, sales of the Concern in 2012 are planned to be 48 million lats (68.3 million euros), but the net profit will reach 8.6 million lats (12.24 million euros). According to this unaudited report for 3 quarters of 2012, during the first nine months 73.3% of annual sales target and 74.2% of annual profit target is met.

Shares and stock market

Rapid improvement of Company's financial indicators over the last three years is reflected in fluctuations of price of Company's shares on NASDAQ OMX Riga, as during this period the price of share has increased by nearly 180%. During the reporting period price of share mostly fluctuated around 3 lats (4.27 euros), however, at the beginning of May it reached the highest price this year of 3.18 lats (4.53 euro). However, shortly before this report was being prepared, share price experienced a rapid increase reaching 3.39 lats (4.82 euro) per share. During nine months of 2012 price of share of a/s "OlainFarm" has been fluctuating between 2.495 and 3.18 lats (3.55 and 4.525 euros).

Trading volumes and price of shares of "Olainfarm" on NASDAQ OMX Riga (LVL) (October 2009 – September 2012)



During the first half of this year price of share of a/s "Olainfarm" increased significantly more than OMX Riga index. And during nine months the trend remained as OMX Riga index increased by a mere 3.75%, while price for share of "Olainfarm" by 25.05%.

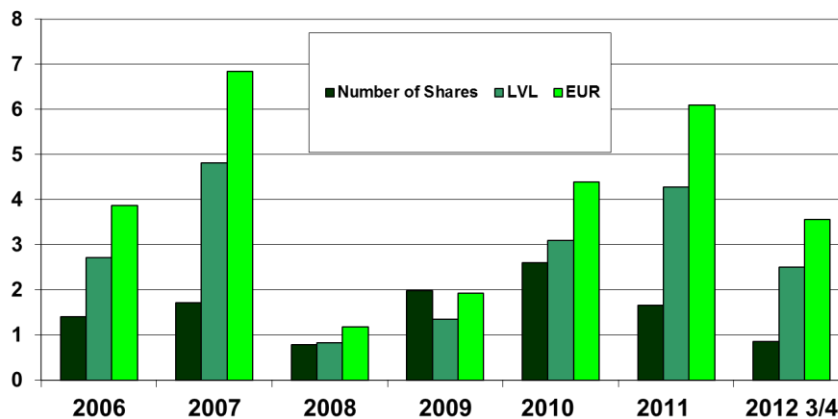
Rebased price of Olainfarm share vs. rebased OMX Riga index (9 months of 2012)



-- OMX Riga

-- AS "Olainfarm"

Trading of Shares at NasdaqOMX Riga, mln.



Since April 12, 2012 bank Finasta provides liquidity for company's shares on Nasdaq OMX Riga. According to the agreement signed with Finasta, it will constantly ensure supply and demand for shares worth 2000 lats, with a spread of 4%. However the number of traded shares during 9 months of 2012 compared to 9 months of 2011 has dropped by 30% to 860 thousand shares, while turnover has dropped by 22% to 2.5 million lats (3.5 million euro).

Development

On August 15, the Company has signed an Agreement On Project Implementation with Latvian Investment and Development Agency. According to this agreement the Company will make high value-added investments into production of nitrofuranes and 35% of the eligible project costs will be funded by LIDA. Total cost of the project is 5.88 million lats and the completion is scheduled in 2015.

During 9 months of 2012 25 registration cases of OlainFarm products have been completed in 11 countries, mostly Central Asian countries of the FSU. During the third quarter 5 new registrations were finalized for Olvazol, Vazomag, Fenkarol, Remavir and Furasol. Registration process of Olvazol has been started in 3 more countries.

An eCTD system has been successfully implemented in a Company and the first file in such format has been submitted (Memodex 10mg) for registration in 10 EU countries. For the first time OlainFarm is registering medicines according to DCP procedure with Latvia being a reference country.

In June 2012, the Company has obtained a license for production of the medicines for clinical trials.

In August 2012, State Agency for Medicines repeatedly confirmed, that production of APIs of memantine and amantadine in „Olainfarm” meets all the requirements of modern Good manufacturing practice.

Environment

In order to further minimize possible environmental damage risk, in 1st half of 2012 the company stopped using carcinogenic benzene in its production. According to the requirements of REACH directive, use of benzene in industrial production will be significantly limited in the nearest future throughout European Union.

15 new data sheets have been prepared for chemical products produced by AS OlainFarm. This will allow a further increase of safety standards in handling of these products.

Social responsibility

Since 2011 the Company has started supporting SOS Children village in region of Olaine. This year the company will support provision of psychological assistance for families affected by crisis. Also significant support is being provided to football club “FK Olaine”, Sports Club “Olimps” of Olaine, Motoclub of Olaine, Tennis School of Marupe. The Company also supports construction of the Orthodox church in Olaine, was one of the major supporters of Olaine Town Fest.

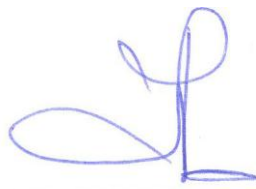
Events after the end of the reporting period

In October of this year during the National Capital Awards ceremony President Andris Berzins of Latvia awarded AS „OlainFarm” with a special Certificate of Appreciation for Impressive Growth and Increase of Value. In November 2012, at the ceremony of „Top 500 Companies”, AS „OlainFarm” was awarded with a special award as „Top 500 EBITDA Maker”.


In November of this year SIA “Latvijas Aptieka”, a daughter company of AS “OlainFarm” purchased two pharmacies in Ogre, thus increasing number of pharmacies owned by AS “OlainFarm” to 41.

In November this year AS “OlainFarm” was successfully recertified according to ISO 14000 Environmental management standards.

The financial reports were approved by the Board of the Parent company and on its behalf they are signed by



Jelena Borčova
Member of the Board



30 November 2012

Statement of Responsibility of the Management

The Management Board prepares financial statements for each financial year which give a true and fair view of the state of affairs of the Group, the cash flows and the results of the Group for that period in accordance with International Financial Reporting Standards as adopted by the EU. In preparing those financial statements, they:

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ make judgments and estimates that are reasonable and prudent;
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position, financial performance and cash flows of the Parent Company and the Group and enable them to ensure that financial statements drawn up from them comply with International Financial Reporting Standards as adopted by the EU.

For the Board of JSC Olainfarm:



Jelena Borcova
Member of the Board



30 November 2012

Statement of consolidated comprehensive income

	Notes	2012. 9 month LVL	2012. 9 month EUR	2011. 9 month LVL	2011. 9 month EUR
Net sales	3	35,164,241	50,034,207	26,289,802	37,407,018
Changes in stock of finished goods and work in progress		28,045	39,904	(576,452)	(820,217)
Other operating income	4	836,414	1,190,110	678,063	964,797
Cost of materials:					
<i>raw materials and consumables</i>		(6,789,151)	(9,660,092)	(2,628,562)	(3,740,106)
<i>other external costs</i>		(1,396,446)	(1,986,964)	(1,193,881)	(1,698,740)
		(8,185,597)	(11,647,055)	(3,822,443)	(5,438,846)
Staff costs:					
<i>Wages and salaries</i>	8	(5,475,638)	(7,791,131)	(4,234,893)	(6,025,710)
<i>Statutory social insurance contributions</i>	8	(1,353,944)	(1,926,489)	(988,215)	(1,406,103)
		(6,829,582)	(9,717,620)	(5,223,108)	(7,431,813)
Depreciation/ amortization	10,11.	(1,592,667)	(2,266,161)	(1,406,323)	(2,001,017)
Other operating expense	5	(11,921,130)	(16,962,240)	(9,811,650)	(13,960,720)
Financial income	6	61,794	87,925	102,692	146,118
Financial expense	7	(151,040)	(214,911)	(254,727)	(362,444)
(Loss)/ profit before taxes		7,410,478	10,544,160	5,975,854	8,502,874
Corporate income tax		(1,025,079)	(1,458,556)	(962,942)	(1,370,143)
(Loss)/ profit for the reporting year		6,385,399	9,085,604	5,012,912	7,132,731
Basic and diluted earnings per share	9	0.453	0.645	0.356	0.506

The accompanying notes form an integral part of these financial statements.

For the Board of JSC Olainfarm:



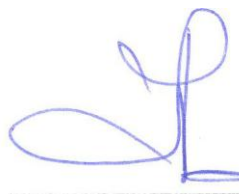
 Jelena Borcova
 Member of the Board


30 November 2012

Consolidated statement of financial position

	Notes	ASSETS			
		30.09.2012 LVL	30.09.2012 EUR	30.09.2011 LVL	30.09.2011 EUR
NON-CURRENT ASSETS					
Intangible assets					
Goodwill	10	2,178,102	3,099,160	503,930	717,028
Patents	10	1,282,331	1,824,593	5,647,644	8,035,872
	10	3,980,000	5,663,030	-	-
Other intangible assets	10	1,046,877	1,489,572	575,345	818,642
Prepayments for intangible assets		167,037	237,672	323,044	459,650
TOTAL		8,654,347	12,314,026	7,049,963	10,031,194
Property, plant and equipment					
Land, buildings and constructions	11	7,590,784	10,800,713	5,784,283	8,230,293
Equipment and machinery	11	2,633,345	3,746,912	2,477,164	3,524,687
Other tangible assets	11	1,065,810	1,516,511	642,049	913,553
Construction in progress	11	918,392	1,306,754	507,678	722,361
Prepayments for property, plant and equipment		233,118	331,697	673,591	958,434
TOTAL		12,441,449	17,702,587	10,084,765	14,349,328
Financial assets					
Other securities and investments		7	10	-	-
Investments in related companies		1,000	1,423	1,650	2,348
TOTAL		1,007	1,433	1,650	2,348
TOTAL NON-CURRENT ASSETS		21,096,803	30,018,046	17,136,378	24,382,869
CURRENT ASSETS					
Inventories					
Raw materials		1,334,975	1,899,498	994,357	1,414,843
Work in progress		3,815,073	5,428,360	4,078,566	5,803,277
Finished goods and goods for resale		2,857,379	4,065,684	1,259,626	1,792,286
Prepayments for goods		144,515	205,626	101,911	145,006
TOTAL	12	8,151,942	11,599,168	6,434,460	9,155,412
Receivables					
Trade receivables	13	14,338,932	20,402,462	11,975,091	17,039,019
Receivables from related companies		-	-	175,756	250,078
Receivables from associated companies		333,530	474,570		
Prepayments to suppliers		238,204	338,934	156,942	223,308
Other receivables		443,429	630,943	196,050	278,954
Corporate income tax		8,952	12,738	-	-
Current loans to management and employees		719,488	1,023,739	1,261,719	1,795,264
Prepaid expense		172,238	245,073	13,205	18,789
TOTAL		16,254,773	23,128,458	13,778,763	19,605,413
Cash	14	1,059,961	1,508,189	1,400,295	1,992,440
TOTAL CURRENT ASSETS		25,466,676	36,235,815	21,613,518	30,753,265
TOTAL ASSETS		46,563,479	66,253,862	38,749,896	55,136,135

For the Board of JSC Olainfarm:


 Jelena Borcova
 Member of the Board



30 November 2012

Consolidated statement of financial position

EQUITY	Notes	EQUITY AND LIABILITIES			
		30.09.2012 LVL	30.09.2012 EUR	30.09.2011 LVL	30.09.2011 EUR
Share capital	15	14,085,078	20,041,260	14,085,078	20,041,260
Share premium		1,759,708	2,503,839	1,759,708	2,503,839
Retained earnings/ (accumulated deficit):					
brought forward		10,749,956	15,295,809	4,454,133	6,337,660
for the period		6,385,399	9,085,604	5,012,912	7,132,731
TOTAL EQUITY		32,980,141	46,926,513	25,311,831	36,015,491
Minority interest		370	526	-	-
LIABILITIES					
Non-current liabilities					
Loans from credit institutions	16	4,723,322	6,720,682	2,516,304	3,580,378
Deferred corporate income tax liabilities		1,134,551	1,614,321	916,370	1,303,877
Finance lease liabilities	17	43,190	61,454	7,278	10,356
Long term payables		-	-	2,453,050	3,490,376
Loan from shareholder	20	-	-	540,237	768,688
TOTAL		5,901,063	8,396,456	6,433,239	9,153,674
Current liabilities					
Loans from credit institutions	16	2,979,015	4,238,756	1,258,152	1,790,189
Finance lease liabilities	17	33,881	48,208	45,749	65,095
Prepayments received from customers		39,946	56,838	24,434	34,766
Trade and other payables	20	3,832,185	5,452,708	4,164,733	5,925,881
Payables to related companies		-	-	154,702	220,121
Payables to associated companies		5,313	7,560	-	-
Taxes payable	18	485,488	690,787	347,066	493,830
Corporate income tax	18	-	-	469,759	668,407
Accrued liabilities	19	228,594	325,260	-	-
		77,483	110,248	540,231	768,679
TOTAL		7,681,905	10,930,366	7,004,826	9,966,969
TOTAL LIABILITIES		13,582,968	19,326,822	13,438,065	19,120,644
TOTAL EQUITY AND LIABILITIES		46,563,479	66,253,862	38,749,896	55,136,135

The accompanying notes form an integral part of these financial statements.

For the Board of JSC Olainfarm:


 Jelena Borcova
 Member of the Board



30 November 2012

Consolidated statement of cash flow

	2012. 9 month		2011.9 month	
	LVL	EUR	LVL	EUR
Cash flows to/from operating activities				
(Loss)/ Profit before taxes	7,410,477	10,544,159	5,975,854	8,502,874
Adjustments for:				
Amortisation and depreciation	1,564,829	2,226,551	1,411,271	2,008,058
Loss on sale/ disposal of property, plant and equipment	73,097	104,008	(973)	(1,384)
Increase/ (decrease) in allowances	(15,260)	(21,713)	(954)	(1,357)
Income from investing activities	-	-	220	313
Interest expenses	142,644	202,964	195,929	278,782
Interest receivable	(6,311)	(8,980)	(33,339)	(47,437)
Operating cash flows before working capital changes	9,169,476	13,046,989	7,548,008	10,739,848
Decrease in inventories	(871,136)	(1,239,515)	325,643	463,348
Decrease in receivables and prepaid expense	(1,799,606)	(2,560,609)	(4,283,334)	(6,094,635)
Increase/ (decrease) in payables and prepayments received	(832,911)	(1,185,126)	2,183,304	3,106,562
Cash generated from operations	5,665,823	8,061,740	5,773,621	8,215,123
Interest paid	(142,644)	(202,964)	(140,735)	(200,248)
Corporate income tax paid	(1,977,723)	(2,814,046)	(806,113)	(1,146,995)
Net cash flows to/ from operating activities	3,545,456	5,044,729	4,826,773	6,867,879
Cash flows to/from investing activities				
Purchase of property, plant and equipment	(2,501,408)	(3,559,183)	(2,233,576)	(3,178,092)
Prepayments for investments	-	-	3,500	4,980
Acquisition of subsidiary	(750,575)	(1,067,972)	-	-
Proceeds from sale of intangible assets and property, plant and equipment	245	349	33,403	47,528
Interest receivable	548	780	1,707	2,429
Loans granted	(583,584)	(830,365)	(370,679)	(527,429)
Net cash flows to/from investing activities	(3,834,774)	(5,456,392)	(2,565,645)	(3,650,584)
Cash flows to/from financing activities				
Proceeds from issue of shares	(867,641)	(1,234,542)	(352,127)	(501,032)
Borrowings repaid	(1,029,486)	(1,464,827)	(1,003,201)	(1,427,426)
Proceeds from borrowings	1,721,010	2,448,777	-	-
Net cash flows to/from financing activities	(176,117)	(250,592)	(1,355,328)	(1,928,458)
Change in cash	(465,435)	(662,254)	905,800	1,288,837
Cash at the beginning of the year	1,525,397	2,170,444	494,495	703,603
Cash at the end of the year	1,059,962	1,508,190	1,400,295	1,992,440

The accompanying notes form an integral part of these financial statements.

Statement of consolidated changes in equity

	Share capital		Share premium		Retained earnings/ (Accumulated deficit)	Retained earnings/ (Accumulated deficit)	Total	
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
Balance as at 31 December 2011	14,085,078	20,041,260	1,759,708	2,503,839	11,369,565	16,177,434	27,214,351	38,722,533
Profit for the reporting year	-	-	-	-	6,385,399	9,085,604	6,385,399	9,085,604
Change of accounting policies in	-	-	-	-	248,032	352,918	248,032	
Exception of profit of the related	-	-	-	-	(867,641)	(1,234,542)	(867,641)	(1,234,542)
Balance as at 30 September 2012	14,085,078	20,041,260	1,759,708	2,503,839	17,135,355	24,381,414	32,980,141	46,926,513

The accompanying notes form an integral part of these financial statements.

Notes to the consolidated financial statements

1. Corporate information

The principal activities of Olainfarm Group (hereinafter, the Group) are manufacturing and distribution of chemical and pharmaceutical products.

The Parent Company of the Group, JSC Olainfarm (hereinafter, the Parent Company) was registered with the Republic of Latvia Enterprise Register on 10 June 1991 (re-registered on 27 March 1997) and with the Republic of Latvia Commercial Register on 4 August 2004.

The shares of the Parent Company are listed on Riga Stock Exchange, Latvia.

These consolidated financial statements were approved by the Board on 30 November 2012

The Parent Company's shareholders have the power to amend the consolidated financial statements after the issue.

2. Summary of significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in lats (LVL), the monetary unit of the Republic of Latvia.

The consolidated financial statements of JSC Olainfarm and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

Foreign currency translation

The functional and reporting currency of companies of the Group is the Lat (LVL). All transactions denominated in foreign currencies are converted into Lats at the Bank of Latvia rate of exchange prevailing on the day the transaction took place. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income. At the year end foreign currency financial assets and liabilities are translated at the Bank of Latvia rate of exchange ruling at 30 September, and all associated exchange differences are dealt with through the statement of comprehensive income.

Exchange rates against the USD and EUR in the last two years have been:

	<u>30/09/2012</u>	<u>30/09/2011</u>
<i>EUR</i>	0.702804	0.702804
<i>USD</i>	0,546	0,516
<i>RUB</i>	0,0175	0,0163

3. Net sales

<i>By business segments</i>	2012. 9 month		2011.9 month	
	LVL	EUR	LVL	EUR
Finished form medicine	32,127,566	45,713,408	24,295,199	34,568,954
Chemicals	3,036,675	4,320,799	1,994,603	2,838,065
TOTAL:	35,164,241	50,034,207	26,289,802	37,407,018

<i>Noieta tirgus</i>	2012. gada 9 mēn.		2011. gada 9 mēn.	
	LVL	EUR	LVL	EUR
NVS valstis	24,698,645	35,143,006	21,774,832	30,982,795
Eiropas valstis	2,201,567	3,132,548	1,726,390	2,456,432
Latvija	6,824,233	9,710,009	1,632,819	2,323,292
Baltijas valstis (Lietuva un Igaunija)	361,959	515,021	390,538	555,686
Citas	1,077,837	1,533,624	765,223	1,088,814
KOPĀ:	35,164,241	50,034,207	26,289,802	37,407,018

4. Other operating income

	2012. 9 month		2011.9 month	
	LVL	EUR	LVL	EUR
Income of travel services of related company				
Other operating income	129,972	184,933	58,535	83,288
Income of services*	122,041	173,649	88,350	125,711
Gains from sale of non-current assets	63,096	89,778	33,430	47,567
Lease of premises	57,182	81,363	27,560	39,214
Incomes from catering services	32,622	46,417	18,842	26,810
Sale of current assets	18,694	26,599	13,787	19,617
Treatment of waste water	4,564	6,494	2,924	4,160
Incomes of wholesale trade	-	-	434,635	618,430
TOTAL:	836,414	1,190,110	678,063	964,797

Income from services includes the analysis of preparations based on customer's orders.

5. Other operating expense

	2012. 9 month		2011.9 month	
	LVL	EUR	LVL	EUR
Marketing expense	7,226,917	10,282,976	7,558,543	10,754,838
Other distribution costs	1,327,388	1,888,703	153,118	217,867
Transportation expense	114,693	163,193	82,862	117,902
Sales commissions	119,309	169,761	53,701	76,410
Expert analysis of medicines	39,974	56,878	47,506	67,595
<i>Total distribution costs:</i>	<i>8,828,281</i>	<i>12,561,512</i>	<i>7,895,730</i>	<i>11,234,612</i>
Write-offs of current assets	327,196	465,558	60,834	86,559
Car fleet maintenance	281,646	400,746	192,005	273,199
Business trips	257,152	365,894	151,462	215,511
Security	166,639	237,106	152,514	217,008
Information and business consulting	100,672	143,243	108,600	154,524
Insurance	87,704	124,792	62,619	89,099
Representation expense	86,095	122,502	97,835	139,207
Social infrastructure	84,220	119,834	13,930	19,821
Hosting expense	80,349	114,326	14,672	20,876
Write-offs and disposal of tangible assets	69,020	98,207	28,981	41,236
Annual payment for medicines registered in LR	68,481	97,440	75,718	107,737
Visas, invitations	68,229	97,081	12,005	17,082
Communications expense	64,639	91,973	48,823	69,469
New product research and development costs	64,627	91,956	34,159	48,604
Laboratory tests	64,316	91,513	17,648	25,111
Education	63,073	89,745	31,927	45,428
Other taxes	57,002	81,107	51,796	73,699
Office expense	50,127	71,324	63,934	90,970
Bank charges	36,279	51,620	13,772	19,596
Legal and audit expense	29,626	42,154	24,707	35,155
Allowances to staff	27,835	39,606	-	-
Natural resources expense	22,240	31,645	22,899	32,582
Current repairs	16,347	23,260	25,885	36,831
Shares listing costs	15,879	22,594	15,879	22,594
Other operating expense	903,456	1,285,502	593,316	844,213
TOTAL:	11,921,130	16,962,240	9,811,650	13,960,720

6. Financial income

	2012. 9 month		2011.9 month	
	LVL	EUR	LVL	EUR
Interest accrued on bank account balances	55,253	78,618	69,353	98,680
Currency exchange gain, net	6,202	8,825	32,059	45,616
Received penalties	230	327	-	-
Loan interest payments	109	155	1,280	1,821
TOTAL:	61,794	87,925	102,692	146,118

7. Financial expense

	2012. 9 month		2011.9 month	
	LVL	EUR	LVL	EUR
Loan interest expenses	142,644	202,964	195,929	278,781
Penalties paid for late payments	8,396	11,946	9,994	14,221
Currency exchange loss, net	-	-	48,804	69,442
TOTAL:	151,040	214,911	254,727	362,444

8. Staff costs and number of employees

	2012. 9 month		2011.9 month	
	LVL	EUR	LVL	EUR
Wages and salaries	5,475,638	7,791,131	4,234,893	6,025,710
Statutory social insurance contributions	1,353,944	1,926,489	988,215	1,406,103
TOTAL:	6,829,582	9,717,620	5,223,108	7,431,813

	2012. 9 month		2011.9 month	
	LVL	EUR	LVL	EUR
<u>Management of the Group</u>				
Wages and salaries	503,124	715,881	376,419	535,596
Statutory social insurance contributions	119,643	170,237	90,110	128,215
<u>Board Members</u>				
Wages and salaries	403,042	573,477	371,663	528,829
Statutory social insurance contributions	97,093	138,151	89,534	127,395
<u>Council Members</u>				
Wages and salaries	54,000	76,835	81,000	115,253
Statutory social insurance contributions	13,009	18,510	19,513	27,764
TOTAL:	1,189,911	1,693,091	1,028,239	1,463,052

	30/09/2012	30/09/2011
Average number of employees during the reporting year	1052	865

9. Basic and diluted earnings per share

Earnings per share are calculated by dividing the net result for the year after taxation attributable to shareholders by the weighted average number of shares in issue during the year. The table below presents the income and share data used in the computations of basic earnings per share:

	2012. 9 month		2011.9 month	
	LVL	EUR	LVL	EUR
Net result attributable to shareholders	6,385,399	9,085,604	5,012,912	7,132,731
Weighted average number of ordinary shares	14,085,078	14,085,078	14,085,078	14,085,078
Earnings per share	0.453	0.645	0.356	0.506

The Parent Company has no potential dilutive ordinary shares and therefore diluted earnings per share are the same as the basic earnings per share.

10. Intangible assets

	Goodwill		Other intangible assets				TOTAL			
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
Acquisition value as at 31/12/2010	503,930	717,028	-	-	6,222,789	8,854,231	837,923	1,192,257	7,564,642	10,763,516
2011. Additions	-	-	-	-	4,037	5,744	179,336	255,171	183,373	260,916
9 month Reclassification	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	(61,174)	(87,043)	(61,174)	(87,043)
Acquisition value as at 30/09/2011	503,930	717,028	-	-	6,226,826	8,859,975	956,085	1,360,385	7,686,841	10,937,388
Accumulated amortisation as at 31/12/2010	-	-	-	-	461,569	656,754	320,990	456,727	782,559	1,113,481
2011. Amortisation	-	-	-	-	117,613	167,347	120,924	172,059	238,537	339,406
9 month Reclassification	-	-	-	-	-	-	-	-	-	-
Amortisation of disposals	-	-	-	-	-	-	(61,174)	(87,043)	(61,174)	(87,043)
Accumulated amortisation as at 30/09/2011	-	-	-	-	579,182	824,102	380,740	541,743	959,922	1,365,845
Net carrying amount as at 30/09/2011	503,930	717,028	-	-	5,647,644	8,035,873	575,345	818,642	6,726,919	9,571,543

	Goodwill		Production technologies*		Other intangible assets		TOTAL			
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
Acquisition value as at 31/12/2011	1,417,185	2,016,473	3,980,000	5,663,030	2,940,990	4,184,652	1,000,098	1,423,010	9,338,273	13,287,164
Additions	-	-	-	-	15,629	22,238	299,216	425,745	314,845	447,984
Acquisition value as of subsidiary	760,917	1,082,687	-	-	-	-	-	-	760,917	1,082,687
2012. Change of accounting policies in related 9 month companies result in Intangible assets										
acquisition value	-	-	-	-	-	-	304,000	432,553	304,000	432,553
Reclassification from tangible assets	-	-	-	-	-	-	148	211	148	211
Disposals	-	-	-	-	(1,898)	(2,701)	(16,929)	(24,088)	(18,827)	(26,788)
Acquisition value as at 30/09/2012	2,178,102	3,099,160	3,980,000	5,663,030	2,954,721	4,204,189	1,586,533	2,257,432	10,699,356	15,223,811
Accumulated amortisation as at 31/12/2011	-	-	-	-	1,551,402	2,207,446	400,993	570,562	1,952,395	2,778,008
2012. Amortisation	-	-	-	-	120,988	172,150	155,339	221,027	276,327	393,178
9 month Reclassification from tangible assets	-	-	-	-	-	-	148	211	148	211
Amortisation of disposals	-	-	-	-	-	-	(16,824)	(23,938)	(16,824)	(23,938)
Accumulated amortisation as at 30/09/2012	-	-	-	-	1,672,390	2,379,597	539,656	767,861	2,212,046	3,147,458
Net carrying amount as at 31/12/2011	1,417,185	2,016,473	3,980,000	5,663,030	1,389,588	1,977,206	599,105	852,450	7,385,878	10,509,158
Net carrying amount as at 30/09/2012	2,178,102	3,099,160	3,980,000	5,663,030	1,282,331	1,824,593	1,046,877	1,489,572	8,487,310	12,076,354

11. Property, plant and equipment

LVL

	Land	Buildings and constructions	Equipment and machinery	Other tangible assets	Construction in progress	TOTAL
Acquisition value as at 31/12/2010	55,928	13,040,855	11,401,009	2,232,932	13,635	26,744,358
Additions	10,000	25,500	758,593	203,371	503,034	1,500,498
Liquidation	-	(503)	(80,569)	(212,403)	(3,391)	(296,866)
2011. 9 month Reclassification of reversed impairment	-	-	(5,546)	5,546	-	-
Reclassification	-	5,600	-	-	(5,600)	-
Reversed impairment	-	-	954	-	-	954
Acquisition value as at 30/09/2011	65,928	13,071,452	12,074,441	2,229,445	507,678	27,948,944
Accumulated depreciation as at 31/12/2010	-	6,957,958	9,108,985	1,562,532	-	17,629,475
2011. 9 month Depreciation	-	395,642	568,093	208,999	-	1,172,734
Depreciation of disposals	-	(503)	(79,801)	(184,132)	-	(264,436)
Accumulated depreciation as at 30/09/2011	-	7,353,097	9,597,277	1,587,399	-	18,537,773
Net carrying amount as at 31/12/2010	55,928	6,082,897	2,292,024	670,400	13,635	9,114,884
Net carrying amount as at 30/09/2011	65,928	5,718,355	2,477,164	642,046	507,678	9,411,171

	Land	Buildings and constructions	Equipment and machinery	Other tangible assets	Construction in progress	TOTAL
Acquisition value as at 31/12/2011	109,826	14,027,906	12,402,815	2,462,101	854,852	29,857,500
Additions	34,261	48,837	630,908	549,902	1,239,360	2,503,268
2012. 9 month Acquisition value as at of subsidiary	-	4,220	-	756	-	4,976
Liquidation	-	(32,854)	(228,437)	(327,750)	(3,522)	(592,563)
Reclassification of reversed impairment	-	-	2,778	-	-	2,778
Reclassification	-	1,172,298	5,537	(5,685)	(1,172,298)	(148)
Acquisition value as at 30/09/2012	144,087	15,220,407	12,813,601	2,679,324	918,392	31,775,810
Accumulated depreciation as at 31/12/2011	-	7,341,828	9,764,986	1,650,047	-	18,756,861
2012. 9 month Depreciation	-	459,991	635,816	236,184	-	1,331,991
Reclassification	-	-	4,698	(4,846)	-	(148)
Depreciation of disposals	-	(28,109)	(225,244)	(267,871)	-	(521,224)
Accumulated depreciation as at 30/09/2012	-	7,773,710	10,180,256	1,613,514	-	19,567,480
Net carrying amount as at 31/12/2011	109,826	6,686,078	2,637,829	812,054	854,852	11,100,639
Net carrying amount as at 30/09/2012	144,087	7,446,697	2,633,345	1,065,810	918,392	12,208,331

11. Property, plant and equipment (cont'd)**EUR**

	Land	Buildings and constructions	Equipment and machinery	Other tangible assets	Construction in progress	TOTAL
Acquisition value as at 31/12/2010	79,578	18,555,465	16,222,174	3,177,177	19,401	38,053,796
Additions	14,229	36,283	1,079,381	289,370	715,753	2,135,016
Liquidation	-	(716)	(114,639)	(302,222)	(4,825)	(422,402)
2011. 9 month Reclassification of reversed impairment	-	-	(7,891)	7,891	-	-
Reclassification	-	7,968	-	-	(7,968)	-
Reversed impairment	-	-	1,358	-	-	1,358
Acquisition value as at 30/09/2011	93,807	18,599,000	17,180,382	3,172,216	722,361	39,767,766
Accumulated depreciation as at 31/12/2010	-	9,900,282	12,960,918	2,223,282	-	25,084,483
2011. 9 month Depreciation	-	562,947	808,324	297,379	-	1,668,649
Depreciation of disposals	-	(716)	(113,547)	(261,996)	-	(376,258)
Accumulated depreciation as at 30/09/2011	-	10,462,515	13,655,695	2,258,665	-	26,376,874
Net carrying amount as at 31/12/2010	79,578	8,655,183	3,261,256	953,895	19,401	12,969,312
Net carrying amount as at 30/09/2011	93,807	8,136,485	3,524,687	913,553	722,361	13,390,892

	Land	Buildings and constructions	Equipment and machinery	Other tangible assets	Construction in progress	TOTAL
Acquisition value as at 31/12/2011	156,268	19,959,912	17,647,616	3,503,254	1,216,345	42,483,395
Additions	48,749	69,489	897,701	782,440	1,763,450	3,561,829
2012. 9 month Acquisition value as at 30/06/2012 of subsidiary	-	6,004	-	1,076	-	7,080
Liquidation	-	(46,747)	(325,037)	(466,346)	(5,011)	(843,141)
Reclassification of reversed impairment	-	-	3,952	-	-	3,952
Reclassification	-	1,668,030	7,878	(8,089)	(1,668,030)	(211)
Acquisition value as at 30/09/2012	205,017	21,656,688	18,232,112	3,812,334	1,306,754	45,212,905
Accumulated depreciation as at 31/12/2011	-	10,446,480	13,894,323	2,347,805	-	26,688,609
2012. 9 month Depreciation	-	654,507	904,685	336,060	-	1,895,251
Reclassification	-	-	6,685	(6,895)	-	(211)
Depreciation of disposals	-	(39,996)	(320,493)	(381,146)	-	(741,635)
Accumulated depreciation as at 30/09/2012	-	11,060,992	14,485,199	2,295,824	-	27,842,014
Net carrying amount as at 31/12/2011	156,268	9,513,432	3,753,293	1,155,448	1,216,345	15,794,786
Net carrying amount as at 30/09/2012	205,017	10,595,696	3,746,912	1,516,511	1,306,754	17,370,891

There is a difference of LVL 15 651 between total depreciation and amortisation under the income statement and the total depreciation and amortisation stated in Notes 10 and 11. Difference is explained as depreciation of the property, plant and equipment in the cafe and the canteen – LVL 15 651 which was disclosed in the income statement as other operating.

12. Inventories

	30.09.2012		30.09.2011	
	LVL	EUR	LVL	EUR
Work in progress (at cost)	4,078,928	5,803,792	4,261,402	6,063,429
Finished goods and goods for resale (at cost)	3,144,737	4,474,558	1,579,216	2,247,022
Raw materials (at cost)	1,485,629	2,113,860	1,210,036	1,721,726
Prepayments for goods	144,515	205,626	101,911	145,006
TOTAL:	8,853,809	12,597,835	7,152,565	10,177,184
Allowances for raw materials	(150,654)	(214,361)	(215,679)	(306,885)
Allowances for finished goods and goods for resale	(287,359)	(408,875)	(319,591)	(454,738)
Allowances for work in progress	(263,854)	(375,430)	(182,835)	(260,152)
TOTAL:	(701,867)	(998,667)	(718,105)	(1,021,773)
TOTAL:	8,151,942	11,599,168	6,434,460	9,155,412

* As at 30 September 2012, the Group's inventories comprised goods on consignment in the amount of LVL 42 025 (30/09/2011: LVL 67 596).

13. Trade receivables

	30.09.2012		30.09.2011	
	LVL	EUR	LVL	EUR
Trade receivables	14,428,415	20,529,785	12,106,205	17,225,577
Allowances for doubtful trade receivables	(89,483)	(127,323)	(131,114)	(186,559)
TOTAL:	14,338,932	20,402,462	11,975,091	17,039,019

14. Cash and short term deposits

	30.09.2012		30.09.2011	
	LVL	EUR	LVL	EUR
Cash at banks and on hand	1,059,961	1,508,189	1,400,295	1,992,440
	1,059,961	1,508,189	1,400,295	1,992,440

Cash by currency profile:	30.09.2012		30.09.2011	
	Foreign currency	LVL	Foreign currency	LVL
LVL	-	694,357	-	219,374
EUR	278,146	195,482	1,633,662	1,148,144
RUB	5,882,000	102,935	488,221	7,958
USD	123,053	67,187	48,099	24,819
KOPĀ:	-	1,059,961	-	1,400,294

15. Share capital

The share capital of the Parent Company 30/09/2012 is LVL 14 085 078 (30/09/2011: LVL 14 085 078) and consists of 14 085 078 (30/09/2011: 14 085 078) shares. The par value of each share is LVL 1.

All 14 085 078 shares are ordinary publicly traded dematerialized voting shares to bearer.

18. Taxes payable/ receivable

	30.09.2012.		30.09.2011.	
	LVL	EUR	LVL	EUR
Corporate income tax	8,952	12,738	(469,759)	(668,408)
Statutory social insurance contributions	(346,476)	(492,991)	(213,318)	(303,524)
Personal income tax	(134,795)	(191,796)	(126,472)	(179,953)
Natural resource tax	(3,937)	(5,602)	(3,283)	(4,671)
Real estate tax	58	83	(3,826)	(5,444)
Value added tax	(280)	(398)	(167)	(238)
Value added tax	125,211	178,159	13,204	18,788
TOTAL:	(351,267)	(499,808)	(803,621)	(1,143,450)
Total liabilities:	(485,488)	(690,787)	(816,825)	(1,162,238)
Total assets:	134,221	190,979	13,204	18,788

19. Accrued liabilities

	30.09.2012.		30.09.2011.	
	LVL	EUR	LVL	EUR
Accruals for electricity and gas	45,980	65,424	73,422	104,470
Provisions for penalties related to taxes (see Note 25)	22,590	32,143	4,344	6,181
Other accrued liabilities	6,701	9,535	65,330	92,956
Vacation pay reserve	2,212	3,147	341,940	486,536
Accrued interest for purchase of long term investment	-	-	55,195	78,535
TOTAL:	77,483	110,248	540,231	768,679

20. Trade and other payables

	30.09.2012.		30.09.2011.	
	LVL	EUR	LVL	EUR
Trade and other payables	3,336,357	4,747,208	3,834,072	5,455,394
Wages and salaries	448,284	637,851	311,740	443,566
Other payables	47,544	67,649	18,921	26,922
Liability for long term investment	-	-	2,453,050	3,490,376
TOTAL:	3,832,185	5,452,708	6,617,783	9,416,258

21. Segment information

For management purposes group is organized into business units based on its products, and has five reportable operating segments as follows:

The finished form medicine segment represents tablets, capsules, ampoules and sachets, namely the products ready for final consumption by end users.

The chemicals segment is sales of chemicals to the clients of the Group for further processing, eventually into finished form medicines. Production of both segments is separated.

Under the segment „Chemicals” the Group has stated revenues from sale of chemical and pharmaceutical substances only to customers outside the Group. However, most of the chemicals are used to produce the final dosage forms within the Group and revenues generated by them do cover the resources invested into fixed assets used for chemical production. The Group does not keep separate books by segments. The segment „Other” relates primarily to matters that are managed on a group basis.

21. Segment information (cont'd)**LVL**

	Finished form medicine		Pharmacy wholesale		Chemicals		Pharmacy retail		Unallocated		Total	
	30.09.2012.	30.09.2011.	30.09.2012.	30.09.2011.	30.09.2012.	30.09.2011.	30.09.2012.	30.09.2011.	30.09.2012.	30.09.2011.	30.09.2012.	30.09.2011.
Assets												
Intangible assets	2,281,860	4,570,758	-	-	2,166,107	2,337,210	3,980,000	-	226,380	141,994	8,654,347	7,049,963
Tangible assets	6,958,632	6,304,971	1,011	-	3,480,360	2,880,325	295,950	-	1,705,496	899,469	12,441,449	10,084,765
Financial assets	-	-	-	-	-	-	-	-	1,007	1,650	1,007	1,650
Inventories	4,980,743	4,416,742	7,785	-	2,491,119	2,017,718	672,295	-	-	-	8,151,942	6,434,460
Receivables	13,903,766	12,816,621	192,951	-	1,096,156	677,507	314,252	-	747,648	284,634	16,254,773	13,778,763
Cash	-	-	-	-	-	-	397,669	-	662,292	1,400,295	1,059,961	1,400,295
Total assets	28,125,001	28,109,092	201,747	-	9,233,741	7,912,760	5,660,166	-	3,342,823	2,728,042	46,563,479	38,749,896
Equity and liabilities												
Total equity	-	-	-	-	-	-	-	-	32,980,141	25,311,831	32,980,141	25,311,831
Minority interest	-	-	-	-	-	-	-	-	370	-	370	-
Deferred income tax liability	-	-	-	-	-	-	620,680	-	513,871	916,370	1,134,551	916,370
Loans from credit institution	5,001,775	2,590,862	-	-	2,501,638	1,183,594	198,924	-	-	-	7,702,337	3,774,456
Other loans	45,186	407,228	-	-	22,602	186,036	9,284	-	-	-	77,072	593,264
Taxes payable	267,059	560,685	-	-	133,570	256,140	83,118	-	1,741	-	485,488	816,825
Prepayments received from customers	13,918	498	-	-	23,862	23,897	-	-	2,166	39	39,946	24,434
Trade payables	1,921,544	4,542,579	-	-	961,060	2,075,204	1,153,857	-	29,630	-	4,066,091	6,617,783
Payables to related companies	-	106,191	-	-	-	48,511	-	-	-	-	-	154,702
Accrued liabilities	-	-	-	-	-	-	24,803	-	52,680	540,231	77,483	540,231
Total equity and liabilities	7,249,482	8,208,043	-	-	3,642,731	3,773,383	2,090,666	-	33,580,599	26,768,471	46,563,479	38,749,896
Income statement												
Net turnover	26,837,149	24,295,199	493,462	-	3,036,675	1,994,603	4,796,955	-	-	-	35,164,241	26,289,802
Changes in stock of finished goods and work in progress	18,695	(395,688)	-	-	9,350	(180,764)	-	-	-	-	28,045	(576,452)
Other operating income	-	-	-	-	-	-	16,362	-	820,052	678,063	836,414	678,063
Cost of materials	(2,942,279)	(2,623,801)	(393,658)	-	(1,471,581)	(1,198,642)	(3,378,079)	-	-	-	(8,185,597)	(3,822,443)
Staff costs	(3,949,559)	(3,585,246)	-	-	(1,975,372)	(1,637,862)	(841,039)	-	(63,612)	-	(6,829,582)	(5,223,108)
Depreciation/ amortisation and write-offs	(1,036,886)	(915,306)	(248)	-	(518,599)	(418,143)	(34,340)	-	(2,594)	(72,874)	(1,592,667)	(1,406,323)
Other operating expense	(7,333,059)	(6,734,913)	-	-	(3,667,630)	(3,076,737)	(412,955)	-	(507,486)	-	(11,921,130)	(9,811,650)
Financial income	-	-	-	-	-	-	-	-	61,794	102,692	61,794	102,692
Financial expenses	-	-	-	-	-	-	(2,786)	-	(148,254)	(254,727)	(151,040)	(254,727)
Corporate income tax	-	-	-	-	-	-	(11,693)	-	(1,013,386)	(962,942)	(1,025,079)	(962,942)
Net profit/ (loss) for the year	11,594,060	10,040,245	99,556	-	(4,587,156)	(4,517,545)	132,425	-	(853,486)	(509,788)	6,385,399	5,012,912

21. Segment information (cont'd)

EUR

	Finished form medicine		Pharmacy wholesale		Chemicals		Pharmacy retail		Unallocated		Total	
	30.09.2012.	30.09.2011.	30.09.2012.	30.09.2011.	30.09.2012.	30.09.2011.	30.09.2012.	30.09.2011.	30.09.2012.	30.09.2011.	30.09.2012.	30.09.2011.
Assets												
Intangible assets	3,246,794	3,082,092	3,325,550	5,663,030	3,325,550	3,325,550	5,663,030	-	322,110	202,039	12,314,026	10,031,194
Tangible assets	9,901,241	4,952,106	4,098,333	421,099	4,952,106	4,098,333	421,099	-	2,426,702	1,279,829	17,702,588	14,349,328
Financial assets	-	-	-	-	-	-	-	-	1,433	2,348	1,433	2,348
Inventories	7,086,959	3,544,543	2,870,954	956,590	3,544,543	2,870,954	956,590	-	-	-	11,599,168	9,155,412
Receivables	19,783,277	1,559,689	964,006	447,140	1,559,689	964,006	447,140	-	1,063,807	404,998	23,128,458	19,605,413
Cash	-	-	-	565,832	-	-	565,832	-	942,357	1,992,440	1,508,189	1,992,440
Total assets	40,018,271	39,995,635	287,061	-	13,138,430	11,258,843	8,053,691	-	4,756,409	3,881,654	66,253,862	55,136,135
Equity and liabilities												
Total equity	-	-	-	-	-	-	-	-	46,926,513	36,015,491	46,926,513	36,015,491
Minority interest	-	-	-	-	-	-	-	-	526	-	526	-
Deferred income tax liability	-	-	-	-	-	-	883,148	-	731,173	1,303,877	1,614,321	1,303,877
Loans from credit institution	7,116,885	3,686,465	-	-	3,559,510	1,684,103	283,043	-	-	-	10,959,438	5,370,567
Other loans	64,294	579,433	-	-	32,160	264,705	13,210	-	-	-	109,664	844,139
Taxes payable	379,991	797,783	-	-	190,053	364,454	118,266	-	2,477	-	690,787	1,162,237
Prepayments received from customers	19,804	709	-	-	33,952	34,002	-	-	3,082	55	56,838	34,766
Trade payables	2,734,111	6,463,508	-	-	1,367,465	2,952,749	1,641,791	-	42,159	-	5,785,526	9,416,257
Payables to related companies	-	151,096	-	-	-	69,025	-	-	-	-	-	220,121
Accrued liabilities	-	-	-	-	-	-	35,291	-	74,957	768,679	110,248	768,679
Total equity and liabilities	10,315,084	11,678,993	-	-	5,183,140	5,369,040	2,974,750	-	47,780,887	38,088,103	66,253,861	55,136,135
Income statement												
Net turnover	38,185,823	34,568,954	702,133	-	4,320,799	2,838,064	6,825,452	-	-	-	50,034,207	37,407,018
Changes in stock of finished goods and work in progress	26,600	(563,013)	-	-	13,304	(257,204)	-	-	-	-	39,904	(820,217)
Other operating income	-	-	-	-	-	-	23,281	-	1,166,829	964,797	1,190,110	964,797
Cost of materials	(4,186,486)	(3,733,332)	(560,125)	-	(2,093,871)	(1,705,514)	(4,806,573)	-	-	-	(11,647,055)	(5,438,846)
Staff costs	(5,619,716)	(5,101,345)	-	-	(2,810,701)	(2,330,468)	(1,196,691)	-	(90,512)	-	(9,717,620)	(7,431,813)
Depreciation/ amortisation and write-offs	(1,475,356)	(1,302,363)	(353)	-	(737,899)	(594,964)	(48,861)	-	(3,691)	(103,690)	(2,266,161)	(2,001,017)
Other operating expense	(10,434,003)	(9,582,918)	-	-	(5,218,567)	(4,377,802)	(587,582)	-	(722,088)	-	(16,962,240)	(13,960,720)
Financial income	-	-	-	-	-	-	-	-	87,925	146,118	87,925	146,118
Financial expenses	-	-	-	-	-	-	(3,964)	-	(210,946)	(362,444)	(214,911)	(362,444)
Corporate income tax	-	-	-	-	-	-	(16,638)	-	(1,441,918)	(1,370,143)	(1,458,556)	(1,370,143)
Net profit/ (loss) for the year	16,496,861	14,285,982	141,655	-	(6,526,935)	(6,427,887)	188,424	-	(1,214,401)	(725,363)	9,085,604	7,132,731

Segment assets do not include part of the intangible assets, tangible assets, inventories, receivables and financial assets and cash, as these assets are managed on a Group bases.

Segment liabilities do not include deferred tax liability and accrued liabilities, as these liabilities are managed on Group level.

Net profit for each operating segment does not include financial income and expenses and corporate income tax and deferred corporate income tax.

Geographic information

Major part of the Group assets (approx. 99%) is located in Latvia. For sales disclosed to external customers based on its geographical location, see Note 3.