

Enterprise name **RĪGAS FARMACEITISKĀ FABRIKA**

Registration No

0	0	0	3	0	0	0	7	6
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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 2007

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 : **4003000765** Rīga, 28.06.2004.
- 5 VAT number of the registration : **LV 40003000765**
- 6 The legal address and phones of the enterprise : **Rīga, Duntēs str. 16/22 , Latvija, LV-1005**
Phones : 7 355 550 Fax : 7 391 790
7 355 551 7 355 551
7 355 548
- 7 The basic kind of activity : **manufacture of medicines**
- 8 The accounting period : **2007 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 %**
Livšics Aleksandrs p/k **131047-11214**
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)
HANSABANKA 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 : **80**
- 14 Structure of the enterprise
(the name of subdivisions, the addresses) :
- Administrācija , laboratorija**
Address : Rīga, Duntēs iela 16/22 , Latvija, LV-1005
- Noliktavas telpas**
Address : Rīga, Duntēs iela 16/22 , Latvija, LV-1005
Rīga, Maza Ozola 6 , Latvija, LV-1005
- Galēniskais iecirknis**
Address : Rīga, Duntēs iela 16/22 , Latvija, LV-1005
- Fasēšanas iecirknis**
Address : Rīga, Duntēs 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 2007

Period

01.01.2007.

31.12.2007.

(LB currency EUR rate = 0.702804)

ASSETS		Line code	The end of reporting period 2007.g. 01.01.- 31.12. LVL	The end of reporting period 2007.g. 01.01.- 31.12. EUR	The end of reporting period 2006.g. 01.01.- 31.12. LVL	The end of reporting period 2006.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	14 470	20 589	19 782	28 147
3 Other intangible rights		21				
4 Intangible value of enterprise		30		-		-
5 Advance payments of intangible investments		40				
TOTALLY	1		14470	20589	19782	28147
<i>II Fixed assets</i>						
1 Lands, buildings, constructions and preennial plantations		60	379 307	539 705	293 146	417 109
2 Long-term leased fixed		70				
3 Technological equipment and machines		80	129 329	184 019	113 548	161 564
4 Other fixed assets and inventory		90	101 989	145 117	79 488	113 101
5 Forming of fixed assets and costs of unfinished objects of constructio		100				
6 Advance payments for fixed assets		110				
TOTALLY	2		610625	868841	486182	691775
<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			625095	889430	505964	719922
2. Current assets						
<i>I Stocks</i>						
1 Row materials, direct materials and auxiliary materials	3	230	231 377	329 220	273 921	389 754
2 Unfinished products	4	240	62 357	88 726	25 702	36 571
3 Complete products and goods for sale	5	250	59 152	84 166	49 879	70 971
4 Unfinished orders		260				
5 Advance payments for goods	6	270	14 407	20 499	46 677	66 415
6 Work animals and productive animals	7	280	50	71	50.00	71
TOTALLY			367343	522682	396229	563783
<i>II Debtors</i>						
1 Customers and client debts	8	300	249 246	354 645	151 829	216 033
2 Related companies debts		310	-		-	
3 Affiliated companies debts		320	-		-	
4 Other debts	9	330	286 489	407 637	76 124	108 315
5 Undeposited shares in business capital		340				
6 Short - term loans to joint owners and administration	9	350	152	216	180 000	256 117
7 Accrued income	10	360	9 288	13 216	9 389	13 359
TOTALLY			545175	775714	417342	593824
<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	1 486	2 114	3 499	4 979
2. TOTALLY			914004	1300511	817070	1162586
BALANCE			1539099	2189941	1323034	1882508

LIABILITIES		Line code	The end of reporting period 2007.g. 01.01.- 31.12. LVL	The end of reporting period 2007.g. 01.01.- 31.12. EUR	The end of reporting period 2006.g. 01.01.- 31.12. LVL	The end of reporting period 2006.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	465 927	662 954	372 466	529 971
9 Retained profit of the year of accountant		540	206 065	293 204	93 461	132 983
TOTALLY			1363052	1939448	1156987	1646244
1. TOTALLY			1363052	1939448	1156987	1646244
2. Stockpiles						
<i>Stockpiles</i>						
1 Reserves for pensions and similar obligations		560				
2 Reserve for prospective taxes	13	570	29 150	41 477	27027.00	38 456
3 Other stockpiles	13	580	18 578	26 434	17 410	24 772
TOTALLY			47728	67911	44437	63228
2. TOTALLY			47728	67911	44437	63228
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	-		6 669	9 489
12 Deferred income		710	-		-	
13 Dividends of the year of account		720	-		-	
14 Unpaid dividends of previous years		730	-		-	
TOTALLY			0	0	6669	9489
<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	91 573	130 297	86 700	123 363
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	22 751	32 372	17 020	24 217
11 Other creditors	14	850	13 995	19 913	11 221	15 966
12 Deferred income		860	-		-	
13 Dividends of the year of account		870	-		-	
14 Unpaid dividends of previous years		880	-		-	
TOTALLY			128319	182581	114941	163546
3. TOTALLY			128319	182581	121610	173035
BALANCE			1539099	2189941	1323034	1882508

a/s "Rīgas Farmaceutiskā Fabrika "

reg. No 40003000765

Rīga , Dunties iela 16/22

PROFIT OR LOSS STATEMENT

for the period ended 31 december 2007

Period 01.01.2007.

31.12.2007.

(LB currency EUR rate = 0.702804)

No	Special rate	Note	ROW	The end of reporting period 2007.g. 01.01.-31.12. LVL	The end of reporting period 2007.g. 01.01.-31.12. EUR	The end of reporting period 2006.g. 01.01.-31.12. LVL	The end of reporting period 2006.g. 01.01.-31.12. EUR
1.	Net turnover	15	10	2052164	2919966	1734747	2468323
2.	Cost of sales (prime cost)	16	20	-1188010	-1690386	-1095091	-1558174
3.	Gross profit or loss		30	864154	1229580	639656	910148
4.	Sales Distribution costs:	16	40	-245191	-348875	-212621	-302532
5.	Administration costs	16	50	-313530	-446113	-264024	-375672
6.	Other operating income	17	60	1843	2622	4506	6411
7.	Other operating expenses	18	70	-63511	-90368	-51762	-73651
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	243765	346846	115755	164705
14.	Extraordinary income		140				
15.	Extraordinary charges		150				
16.	Profit or loss before tax	19	160	243765	346846	115755	164705
17.	Tax on profit or loss for the financial period	20	170	-31399	-44677	-22587	-32138
18.	Tax on profit (pustpone) or loss for the financial period	21	170	-2123	-3021	4445	6325
19.	Other taxes	22	180	-4178	-5945	-4152	-5908
20.	Profit or loss for the financial period	23	190	206065	293204	93461	132983
EPS k-t				0.31	0.44	0.14	0.20

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 01.01.2007.

(LB currency EUR rate = 0.702804)

31.12.2007.

for the period ended 31 december 2007

		The end of reporting period 2007.g. 01.01.- 31.12. , LVL	The end of reporting period 2007.g. 01.01.- 31.12. , EUR	The end of reporting period 2006.g. 01.01.- 31.12. , LVL	The end of reporting period 2006.g. 01.01.- 31.12. , EUR
1.	Share capital				
	Post-balance residue on: 01.01.2007.	663 000	943 364	663 000	943 364
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.12.2007.	663 000	943 364	663 000	943 364
2.	Share premium				
	Post-balance residue on: 01.01.2007.	0	0	0	0
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.12.2007.	0	0	0	0
3.	Revaluation reserve of long-term investments				
	Post-balance residue on: 01.01.2007.	0	0	0	0
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.12.2007.	0	0	0	0
4.	Mandatory reserves				
	Post-balance residue on: 01.01.2007.	0	0	0	0
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.12.2007.	0	0	0	0
5.	Revaluation of own stocks of shares reserves				
	Post-balance residue on: 01.01.2007.	0	0	0	0
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.12.2007.	0	0	0	0
6.	Reserves determined by company statute				
	Post-balance residue on: 01.01.2007.	0	0	0	0
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.12.2007.	0	0	0	0
7.	Other reserves				
	Post-balance residue on: 01.01.2007.	28 060	39 926	28 060	39 926
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.12.2007.	28 060	39 926	28 060	39 926
8.	Retained profit				
	Post-balance residue on: 01.01.2007.	465 927	662 954	372 466	529 971
	Post-balance residue on: 31.12.2007.	671 992	956 158	465 927	662 954
9.	Equity capital (total)				
	Post-balance residue on: 01.01.2007.	1 156 987	1 646 244	1 063 526	1 513 261
	Post-balance residue on: 31.12.2007.	1 363 052	1 939 448	1 156 987	1 646 244

a/s "Rīgas Farmaceutiskā Fabrika "

reg. No 40003000765

Rīga , Dunties iela 16/22

STATEMENT OF CASH FLOW

for the period ended 31 december 2007

Period 01.01.2007.

(LB currency EUR rate = 0.702804) 31.12.2007.

	Note No	The end of reporting period 2007.g. 01.01.-31.12. , LVL	The end of reporting period 2007.g. 01.01.-31.12. , EUR	The end of reporting period 2006.g. 01.01.-31.12. , LVL	The end of reporting period 2006.g. 01.01.-31.12. , EUR
CASH FLOW from operating activities					
Net profit (before enterprise income tax)		243765	346846	115755	164705
<i>Corrections to adjust the profit of revision year to hard cash of economic activities :</i>					
Depreciation of fixed assets and intangible investments		110838	157708	141076	200733
Profit or loss from sale of fixed assets and intangible investments		3173	4515	0	0
Expenditures per cent		0	0	0	0
Provisions for non-used holidays		34517	49113	27832	39601
Other reserves		-33348	-47450	4445	6325
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)		-4178	-5945	-4152	-5908
Paid enterprise income tax		-31399	-44677	-22587	-32138
<i>The changes of the current assets and liabilities:</i>					
Provisions		28885	41100	-57999	-82525
Debts of customers and subscribers		-97417	-138612	-86368	-122891
Expenditures of next periods		101	144	-763	-1086
Others debtors		-210365	-299322	-31484	-44798
Advance payments from customers		0	0	0	0
Debts to suppliers and contractors		4873	6934	10860	15452
Other creditors		8504	12100	-27762	-39502
Net cash provided by (used in) operating activities		57949	82454	68853	97969
CASH FLOW from investing activities					
Fixed assets purchase costs		-235659	-335313	-92265	-131281
Investment costs		0	0	0	0
Fixed assets selling income		2518	3583	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		-233141	-331730	-92265	-131281
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		-6669	-9489	-9030	-12849
Other loans		179848	255901	30000	42686
Fixed assets investments		0	0	0	0
Cost of dividends		0	0	0	0
Net cash provided by (used in) financing activities		173179	246412	20970	29838
Net increase (decrease) in cash		-2013	-2864	-2442	-3475
Cash at the beginning of the year		3499	4979	5941	8453
Cash at the end of the year		1486	2114	3499	4979

ILGTERMIŅA IEGULDĪJUMU KUSTĪBAS PĀRSKATS

par 2007 .gadu

Mērvienība: LVL

Ilgtermiņa ieguldījumu veids	SĀKOTNĒJĀ VĒRTĪBA					NOLIETOJUMS (VĒRTĪBAS NORAKSTĪJUMI)					ATLIKUSĪ VĒRTĪBA	
	uz 01.01.2007.	iegāde un izgatavošana (+)	un pārvērtēšana (+,-)	pārveidošana un izņemšana no darbības (+,-)	uz 31.12.2007.	uz 01.01.2007.	aprēķināts pārskata gadā (+)	korektūras (pārveidošana) (+,-)	izslēgts sakarā ar izņemšanu no darbības (-)	uz 31.12.2007.	uz 01.01.2007.	uz 31.12.2007.
I Nemateriālie ieguldījumi	89511	2397	x	35093	56815	69729	7309	0	34693	42345	19782	14470
tajā skaitā:	13053	0	x	0	13053	13053	0	0	0	13053	0	0
1. Patniecības izmaksas	72776	2397	x	35093	40080	52994	7309	0	34693	25610	19782	14470
2. Patenti , licences	3682	0	x	0	3682	3682	0	0	0	3682	0	0
3. Uzņēmuma nemateriāla vērtība			x									
4.												
II Pamatīdzekļi (kopā)	1121126	233262	0	24074	1330314	634944	102749	0	18004	719689	486182	610625
tajā skaitā:	384182	108726	0	0	492908	91036	22565	0	0	113601	293146	379307
1. Zemes gabali, ēkas, būves un ilggadīgie stādījumi	0	0	0	0	0	0	0	0	0	0	0	0
2. Ilgtermiņa ieguldījumi nomātajos pamatīdzekļos	537339	64907	0	11806	590440	423791	46229	0	8909	461111	113548	129329
3. Iekārtas un mašīnas	199605	59629	0	12268	246966	120117	33955	0	9095	144977	79488	101989
4. Pārējie pamatīdzekļi un inventārs	0	0	0	0	0	0	0	0	0	0	0	0
5. Pamatīdzekļu izveidošana un nepabeigto celtniecības objektu izmaksas	0	0	0	0	0	0	0	0	0	0	0	0
6. Avansa maksājumi par pamatīdzekļiem	0	0	0	0	0	0	0	0	0	0	0	0
III Ilgtermiņa finansu ieguldījumi (kopā)												
tajā skaitā:												
1.												
2.												
3.												
4.												
5.												
Kopā ilgtermiņa ieguldījumi	1210637	235659	0	59167	1387129	704673	110058	0	52697	762034	505964	625095

Vadi _____ / K. Bāliņš /

Izpildītājs: _____

ILGTERMIŅA IEGULDĪJUMU KUSTĪBAS PĀRSKATS

par 2007 .gadu

Mērvienība: EUR LB kurss EUR = 0,702804

Ilgtermiņa ieguldījumu veids	SĀKOTNĒJĀ VĒRTĪBA					NOLIETOJUMS (VĒRTĪBAS NORAKSTĪJUMI)					ATLIKUSĪ VĒRTĪBA	
	uz 01.01.2007.	iegāde un izgatavošana (+)	un pārvērtēšana (+,-)	pārveidošana un izņemšana no darbības (+,-)	uz 31.12.2007.	uz 01.01.2007.	aprēķināts pārskata gadā (+)	korektūras (pārveidošana) (+,-)	izslēgts sakarā ar izņemšanu no darbības (-)	uz 31.12.2007.	uz 01.01.2007.	uz 31.12.2007.
I Nemateriālie ieguldījumi	127363	3411	x	49933	80840	99215	10400	0	49364	60252	28147	20589
tajā skaitā:	18573	0	x	0	18573	18573	0	0	0	18573	0	0
1. Patniecības izmaksas	103551	3411	x	49933	57029	75404	10400	0	49364	36440	28147	20589
2. Patenti , licences	5239	0	x	0	5239	5239	0	0	0	5239	0	0
3. Uzņēmuma nemateriāla vērtība			x									
4.												
II Pamatīdzekļi (kopā)	1595219	331902	0	34254	1892866	903444	146199	0	25617	1024025	691775	868841
tajā skaitā:	546642	154703	0	0	701345	129533	32107	0	0	161640	417109	539705
1. Zemes gabali, ēkas, būves un ilggadīgie stādījumi	0	0	0	0	0	0	0	0	0	0	0	0
2. Ilgtermiņa ieguldījumi nomātajos pamatīdzekļos	764565	92354	0	16798	840120	603000	65778	0	12676	656102	161564	184019
3. Iekārtas un mašīnas	284012	84844	0	17456	351401	170911	48314	0	12941	206284	113101	145117
4. Pārējie pamatīdzekļi un inventārs	0	0	0	0	0	0	0	0	0	0	0	0
5. Pamatīdzekļu izveidošana un nepabeigto celtniecības objektu izmaksas	0	0	0	0	0	0	0	0	0	0	0	0
6. Avansa maksājumi par pamatīdzekļiem	0	0	0	0	0	0	0	0	0	0	0	0
III Ilgtermiņa finansu ieguldījumi (kopā)												
tajā skaitā:												
1.												
2.												
3.												
4.												
5.												
Kopā ilgtermiņa ieguldījumi	1722581	335313	0	84187	1973707	1002659	156598	0	74981	1084277	719922	889430

Vadītājs: _____ / K. Bāliņš /

Izpildītājs: _____

**PAMATLĪDZEKĻU NOLIETOJUMA UN NEMATERIĀLO IEGULDĪJUMU VĒRTĪBAS
APRĒĶINA KOPSAVILKUMA KARTE**

Taksācijas periods

2007.gads

Mērvienība: LVL

Kategorija	Kategorijas vērtība pirmtaksācijas perioda beigās	Atlikusi vērtība no kuras aprēķina taksācijas perioda nolietojumu	Nolietojuma summa taksācijas periodā	Uzkrātais nolietojums nodokļiem	Atlikusi vērtība pēc taksācijas perioda nolietojuma atskaitīšanas
1	2	3	4	5	6
Pirmā	182 062	290 787	29 078		261 709
Otrā	0	0	0		0
Trešā	2 386	6 941	4 859		2 082
Ceturtdā	109 398	226 207	90 483		135 724
Piektā	0	0	0		0
Nemateriālie ieguldījumi	X	X	7 308		14 470
Kopā	293 846	523 935	131 728		413 985

"X" - ailes netiek aizpildītas

Vadītājs

/ K. Bāliņš /

Izpildītājs

(paraksts)

**PAMATLĪDZEKĻU NOLIETOJUMA UN NEMATERIĀLO IEGULDĪJUMU VĒRTĪBAS
APRĒĶINA KOPSAVILKUMA KARTE**

Taksācijas periods

2007.gadsMērvienība: **EUR** LB kurss EUR = 0,702804

Kategorija	Kategorijas vērtība pirmtaksācijas perioda beigās	Atlikusi vērtība no kuras aprēķina taksācijas perioda nolietojumu	Nolietojuma summa taksācijas periodā	Uzkrātais nolietojums nodokļiem	Atlikusi vērtība pēc taksācijas perioda nolietojuma atskaitīšanas
1	2	3	4	5	6
Pirmā	259 051	413 753	41 374		372 378
Otrā	0	0	0		0
Trešā	3 395	9 876	6 914		2 962
Ceturtdā	155 659	321 864	128 746		193 118
Piektā	0	0	0		0
Nemateriālie ieguldījumi	X	X	10 398		20 589
Kopā	418 105	745 492	187 432		589 048

"X" - ailes netiek aizpildītas

Vadītājs

/ K. Bāliņš /

Izpildītājs

(paraksts)

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 2007 till 31 December 2007.

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 2007	13 053 / 18 573	72 776 / 103 551	3 682 / 5 239	89 511 / 127 363
Additions	0	2 397 / 3 411	0	2 397 / 3 411
Disposals	0	(35 093)/(49 93 3)	0	(35 093)/(49 93 3)
Historical cost as of 31 December 2007	13 053 / 18 573	40 080 / 57 029	3 682 / 5 239	56 815 / 80 841
Accumulated depreciation before 2007	13 053 / 18 573	52 994 / 75 404	3 682 / 5 239	69 729 / 99 216
Excluded on disposal		(34 693)/(49 36 4)		(34 693)/(49 36 4)
Accumulated depreciation in 2007	0	7 309 / 10 400	0	7 309 / 10 400
Net book value as of 31 December 2007	0	14 470 / 20 589	0	14 470 / 20 589

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 2007	67 473 / 96 005	316 709 / 450 636	537 339 / 764 563	24 592 / 34 991	175 013 / 249 021	0	1 121 126 / 1 595 216
Additions	0	108 726 / 154 703	64 907 / 92 355	4 555 / 6 481	55 074 / 78 363	0	233 262 / 331 902
Disposals	0	0	(11 806)/ (16 798)	0	(12 268)/ (17 456)	0	(24 074)/ (34 254)
Historical cost as of 31 December 2007	67 473 / 96 005	425 435 / 605 339	590 440 / 840 120	29 147 / 41 472	217 819 / 309 928	0	1 330 314 / 1 892 864
Accumulated depreciation before 2007	0	91 036 / 129 532	423 791 / 603 000	16 407 / 23 344	103 710 / 147 566	0	634 944 / 903 442
Accumulated depreciation in 2007	0	22 565 / 32 107	46 229 / 65 778	5 041 / 7 173	28 914 / 41 141	0	102 749 / 146 199
Excluded on disposal	0	0	(8 909)/ (12 677)	0	(9 095)/ (12 941)	0	(18 004)/ (25 618)
Net book value as of 31 December 2007	67 473 / 96 005	311 834 / 443 700	129 329 / 184 019	7 699 / 10 955	94 290 / 134 162	0	610 625 / 868 841

A/S " RĪGAS FARMACEITISKĀ FABRIKA "

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2007

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 dog.

8. ACCOUNTS RECEIVABLE

All accounts receivable are short-term.

9. OTHER DEBTORS

	As of 31 December 2007 LVL / EUR	As of 01 January 2007 LVL / EUR
Corporate income tax overpayment	0	0
Natural resources tax overpayment	0	0
VAT overpayment	143 489 / 204 166	76 124 / 108 315
VAT on unpaid invoices	0	0
Short-term loans to partners and employees	143 152 / 203 678	180 000 / 256 117
Total	286 641 / 407 853	256 124 / 364 432

VAT overpayment amount has been used to cover other taxes for 2008. Year.

Accounts receivable consist of loans to the Company's partner that will be settled in the may of year 2008.

10. DEFERRED EXPENSES

	As of 31 December 2007 LVL / EUR	As of 01 January 2007 LVL / EUR
Press subscription	516 / 734	959 / 1 364
Insurance	2 627 / 3 738	2 550 / 3 628
Other	6 145 / 8 744	5 880 / 8 367
Total	9 288 / 13 216	9 389 / 13 359

11. CASH

As of 31 December 2007 LVL / EUR	As of 01 January 2007 LVL / EUR
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A/S " RĪGAS FARMACEITISKĀ FABRIKA "

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2007

Cash on hand	772 / 1 098	901 / 1 282
Current account with NORDEA BANKA (LVL)	57 / 81	693 / 986
Current account with HANSABANKA (LVL)	657 / 935	1 905 / 2 711
Current account with HANSABANKA (currency)	0	0
Total	1 486 / 2 114	3 499 / 4 979

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 2007 LVL / EUR	As of 01 January 2007 LVL / EUR
Lease (of cars)	0 / 0	6 669 / 9 489
Due to suppliers	91 573 / 130 297	86 700 / 123 363
Advance from suppliers	0	0
Salary for December	13 995 / 19 913	11 221 / 15 966
Taxes and social security payment	17 935 / 25 519	14 863 / 21 148
Corporate income tax	4 816 / 6 852	2 157 / 3 069
Total	128 319 / 182 581	121 610 / 173 035

15. SALES

	LVL / EUR
Total sales	2 052 164 / 2 919 966
including : - operating income	2 035 231 / 2 895 873
- other operating expenses	16 933 / 24 093

16. SALES EXPENSES

Production expenses	1 188 010 / 1 690 386
Sales expenses	245 191 / 348 875
Administrative expenses	313 530 / 446 113
Total expenses	1 746 731 / 2 485 374
Profit for the year	305 433 / 434 592

17. OTHER OPERATING INCOME

Bank interest for application of funds from current account	50 / 71
Income from currency fluctuations	1 578 / 2 245
Other	215 / 306
Total	1 843 / 2 622

18. OTHER OPERATING EXPENSES

A/S " RĪGAS FARMACEITISKĀ FABRIKA "

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 2007

Lease interest payment	249 / 354
Expenses from currency fluctuations	945 / 1 344
Fines paid	5 / 7
Provisions for vacations	22 398 / 31 870
Donations	7 200 / 10 245
Other	32 714 / 46 548
Total expenses	63 511 / 90 368

19. PROFIT FOR THE YEAR	243 765 / 346 846
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20. CORPORATE INCOME TAX	31 399 / 44 677
21. CORPORATE INCOME TAX /postpone/ (enlargement within current year)	2 123 / 3 021

21. OTHER TAXES	4 178 / 5 945
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22. NET PROFIT	206 065 / 293 204
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23. The average number of employees in 2007 was 80.

24. 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 5 May 1999:

Aleksandrs LIVŠICS

Vadims TELICA

Members of the Council since 25 april 2005:

Jūlija DMITRIJEVA

Members of the Council since 23 February 2007:

Sandis SAULĪTS

(2) THE BOARD

Chairman of the Board:

Kaspars BĀLIŅŠ

Members of the Board:

Vladimirs RUKAVICINS

Uģis FREIMANIS

25. SALARY TO BOARD AND COUNCIL

	LVL / EUR
Salaries	14 797 / 21 054
Social security payments	3 666 / 5 216

Total	18 463 / 26 270
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26. MEMBERSHIP AND FUNCTIONS OF THE BOARD, THE COUNCIL AND MEMBERS OF THE BOARD IN OTHER COMPANIES

Name, Surname	Company's name	Shareholdings (%)
Kaspars Bāliņš	-	-
Vladimirs Rukavīcins	• SIA "GSV"	47,5 %
Uģis Freimanis	• SIA "NOKROKO"	100 %
Dailonis Pakalns	-	-
Julija Dmitrijeva	-	-
Sandis Saulītis	-	-
Vadims Teļica	• SIA "SENTOR FARM APTIEKAS"	100 %
Aleksandrs Livšics	• SIA SIA "RN DATORS"	100 %

JSC `Riga Pharmaceutical Plant`

MANAGEMENT REPORT

JSC `Riga Pharmaceutical Plant` is located at Dunties street 16/22 and M. Ozolu street 6 in Riga. JSC `Riga Pharmaceutical Plant` is the largest producer of finite pharmaceuticals, medical plants and drugs in Latvia.

The factory was registered in Latvian Commercial Register on June 28, 2004, having got the GMP certificate as well as unlimited license for the production of pharmaceuticals. Also ISO 14001 standards have been initiated for managing of environment.

In 2007 the enterprise has finished the construction of microbiological laboratory and performed its attestation procedure in State Agency for Medicines.

Last year the premises for ethanol packing have been built up to meet the needs of hospitals and other medical institutions. Capital repairs were performed in storage facilities.

The main business course of the enterprise is the manufacturing of medicines, medical goods and food supplements. The manufactured production is distributed in Latvia. At present JSC `Riga Pharmaceutical Plant` produces 89 medical preparations and 26 food supplements and medical products.

Last year the agreement for cooperation with Lithuanian company `Acorus calamus` has been signed. This contract allows to produce and to sale herbal teas packed in small bags.

The company turnover for the year 2007 was 2 052 164 LVL (2 919 966 EUR), increased approx. 17 per cent as compared with 2006. The profit got in 2007 makes 206 065 LVL (293 204 EUR) which is twice as much as in 2006.

During the reporting period the company has increased production sale prices.

This year all activities are planned to be continued, and we are looking forward to distribute manufactured production in all Baltic, as well to start the registration of our medicals in Bulgaria.

The managing board of the JSC `Riga Pharmaceutical Plant` hopes to use gained experience and provided contributions to ensure the development of the company and general progress.



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 2007 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.

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 2007, 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 2007.


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



Cesis
14.04.2008.