JOINT STOCK COMPANY OLAINFARM

(UNIFIED REGISTRATION NUMBER 40003007246)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2013

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

Olaine, 2013

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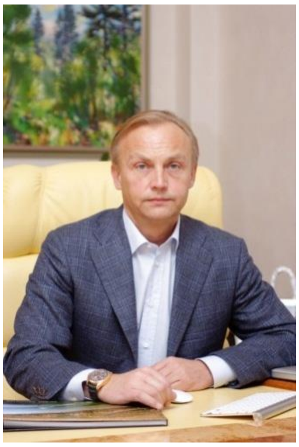
General information

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 - 27.83% SIA Olmafarm - 42.56% Swedbank AS Clients account – 12.72% (Formerly AS Swedbank)

Board

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

Valērijs Maligins



Valērijs Maligins is the Chairman of the Management Board of AS OlainFarm. He has obtained a Doctoral Degree in Economics at NewPort International University, Baltic Center (2007), as well as a Master's Degree in economics and social sciences (University of Latvia, 2002), Bachelor's degree in economics and finances (RSEBAA 1998). V. Maligins has more than 20 years of experience in pharmaceutical sector, 14 of them in 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 (12.47%)
SIA Olfa Press (45%)
SIA Carbochem (50%)
SIA Aroma (75%)
SIA Olmafarm (100%)
SIA Escargot (33.50%)
SIA Olalex (50%)
SIA Energo Capital (50%)
OOO OLFA (51%)
Number of shares of AS OlainFarm owned (as of September 30, 2013):

- Directly: 3 919 705
- Indirectly (through SIA Olmafarm): 5 994 054
- Total: 9 913 759

Jeļena Borcova

Jeļena Borcova is a member of the 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:none
Participation in other companies: none

Number of shares of AS OlainFarm owned (as of September 30, 2013): 0

Inga Liščika

Inga Liščika is a member of the Company's Management Board and a Finance director. I. Liščika has been studying the Professional Management programme at English „Open University". I. Liščika is a Master of Business Economics (Riga Technical University 1997) and a civil engineer (1995). I. Liščika 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

Participation in other companies: none

Number of shares of AS OlainFarm owned (as of September 30, 2013): 1 302

Salvis Lapiņš

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

Positions held in other companies:
SIA Silvanols, Board Member (from May 30,2013 till April 04,2013)

Participation in other companies:
SIA Baltic Team-Up (50%)

Number of shares of AS OlainFarm owned (as of September 30, 2013): 49 953

Veranika Dubitskaya

Veronika Dubicka (Veranika Dubitskaya) has worked in the Company's representative office in Belarus since 2005. Till 2006 V. Dubitskaya 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 the company's representative office in Belarus.

Positions held in other companies: none

Participation in other companies: none

Number of shares of AS OlainFarm owned (as of September 30, 2013): 0

Council

The Supervisory Council of AS OlainFarm is elected by the General Meeting of Shareholders for 5 years. The Supervisory Council is a supervising institution, representing interests of the shareholders between the 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.
The 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 has also degree of Master of Economic Sciences in management of the enterprise activity, received at the Riga Technical University in 2001, a speciality of the engineer-economist which she 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, 2013): 0

Jelena Dudko, Deputy Chairperson of the Council

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

Positions held and participation in other companies:
OOO OLFA (49%)

Number of shares of AS OlainFarm owned (as September 30, 2013): 0

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

Positions held in other companies:
SIA BRIZ , Board Member

Participation in other companies:
SIA SUPEREURO (24%)
SIA VIP Pharma (50%)
SIA Recesus (30%).
SIA Briz (10.95%)

Number of shares of AS OlainFarm owned (as September 30, 2013): 0

Volodimir Krivozubov
Volodimir Krivozubov is a Director of the 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, 2013): 0

Tālis Talents (till April 29,2013)
Tālis Talents graduated from the Riga Medical Institute, Faculty of Pharmacy (1980), obtained the pharmacist's qualification; won the Manager's qualification at Iscra Business School in Tokyo, Japan (1992).

Positions held in other companies: none

Participation in other companies: none

Number of shares of AS OlainFarm owned (as of September 30, 2013): 0

Gunta Veismane (from April 30, 2013)
Gunta Veismane in 1975 graduated from the Latvian University Faculty of economics, in 1993 year-Harvard University, HBS Management, S6trategic management and organisational Psychology course; 1996-MBA, Latvian University

Positions held in other companies: Economics and culture higher school rector

Participation in other companies: none

Number of shares of AS OlainFarm owned (as of September 30, 2013): 0

Movements in the Board during the reporting period	None
Movements in the Council during the reporting period	On April 29, 2013 AS OlainFarm Shareholder's Meeting elected Gunta Veismane as the Council member instead of member Tālis Talents.

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 Latvijas 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 (100%)
Baznīcas iela 20/22-10, Rīga, LV-1010, from 23/07/2012

SIA Inula Farma (100%)
Nīcgales iela 47A, Rīga, LV-1035, from 21/12/2011

SIA Vita Plus Aptieka (100%)
Dārza iela 6, Priekuļi, Priekuļu nov., LV-4126, from 22/12/2011

SIA Teriaks (100%)
Odzienas iela 1, Priekuļi, Priekuļu nov., LV-5120, from 09/02/2012

SIA Aptieka Rudens 10 (100%)
Rūpnīcu iela 5, Olaine, LV-2114, from 24/05/2012

SIA Rudens Laiks (100%)
Rūpnīcu iela 5, Olaine, LV-2114, from 24/05/2012

SIA Esplanāde Farm (100%)
Kandavas iela 4, Daugavpils, LV-5401, from 17/06/2012

Olainfarm Iljač Ve Tibbi Urjunleri Sanaji Ve Tidžaret Limited Širketi (99%)
Kibris Šehitleri Caddesi No 134/1 Daire: 204, Alsancak/Izmir, Turkey, from 07/02/2012.

SIA „SILVANOLS" (70.88%)
Kurbada iela 2A, Rīga, LV-1009, from 31/05/2013

SIA „Baltā aptieka I.P.I." (100%)
Krišjāņa Valdemāra iela 70, Rīga, LV-1013, from 05.03.2013.

SIA „Daugavkrasta Farmācija" (100%)
Rūpnīcu iela 5, Olaine, LV-2114, from 18.03.2013.

SIA „Elpa Aptiekas" (100%)
Rušonu iela 15, Rīga, LV-1057, from 11.02.2013.

Subsidiaries	**SIA „Mana aptieka"** (100%) Rūpnīcu iela 5, Olaine, LV-2114, from 10/04/2013 **SIA „Trīsdesmit seši un seši"** (100%) Rūpnīcu iela 5, Olaine, LV-2114, from 16/04/2013 **SIA „Jaunjelgavas aptieka"** (100%) Rūpnīcu iela 5, Olaine, LV-2114, from 21/05/2013	
Core business activity	Manufacture of basic pharmaceutical products and pharmaceutical preparations	
Audit Committee	Žanna Karaseva	
Financial period	1 January – 30 September 2013	
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

Major shareholders

	Holding (%)
Swedbank AS Clients Account (Formerly AS Swedbank)	12.72%
Olmafarm, SIA	42.56%
V.Maligins	27.83%
Other shareholders	16.89%
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 AS „Olainfarm”, its daughter companies SIA „Ozols JRD”, whose major activities will be related to organizing sports and active leisure events in Olaine, 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”, SIA „Teriaks Pļaviņu Aptieka”, SIA “Rudens Laiks” , SIA “Rudens 10, SIA “Esplanāde Farm”, SIA “Balta Aptieka IPI”,SIA „Elpas Aptieka”, SIA “Daugavkrasta Farmācija”. SIA „Mana Aptieka” , SIA „Jaunjelgavas , SIA „36,6” owning one pharmacy in Riga were added to the Concern. Since May 31, 2013 AS „Olainfarm” also owns 70,88% shares in leading Latvian food supplement producer SIA “Silvanols”.

AS “Olainfarm” also owns 50% of shares in daughter company “Olainfarm Energija”, that is engaged in production of electric energy using cogeneration technologies, but since AS does not have a decisive influence, this company is not consolidated into Concern.

The Group is one of the biggest pharmaceutical companies in Latvia with more than 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:

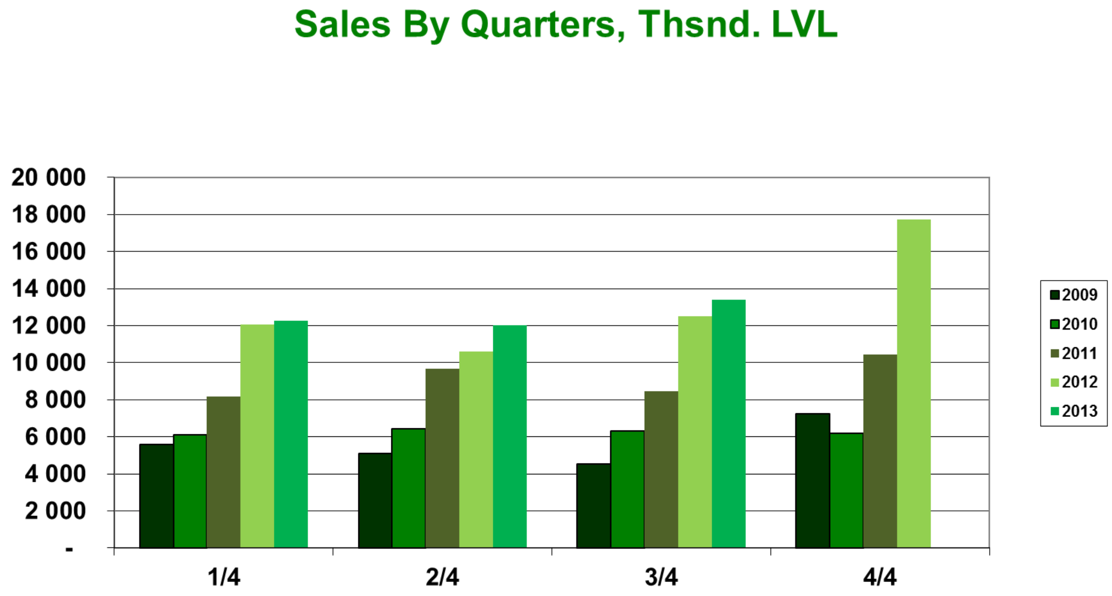
We are aiming to become the leading manufacturer of finished drug forms and chemical-pharmaceutical products in the Baltics and to make our products known and available worldwide.

Operational environment

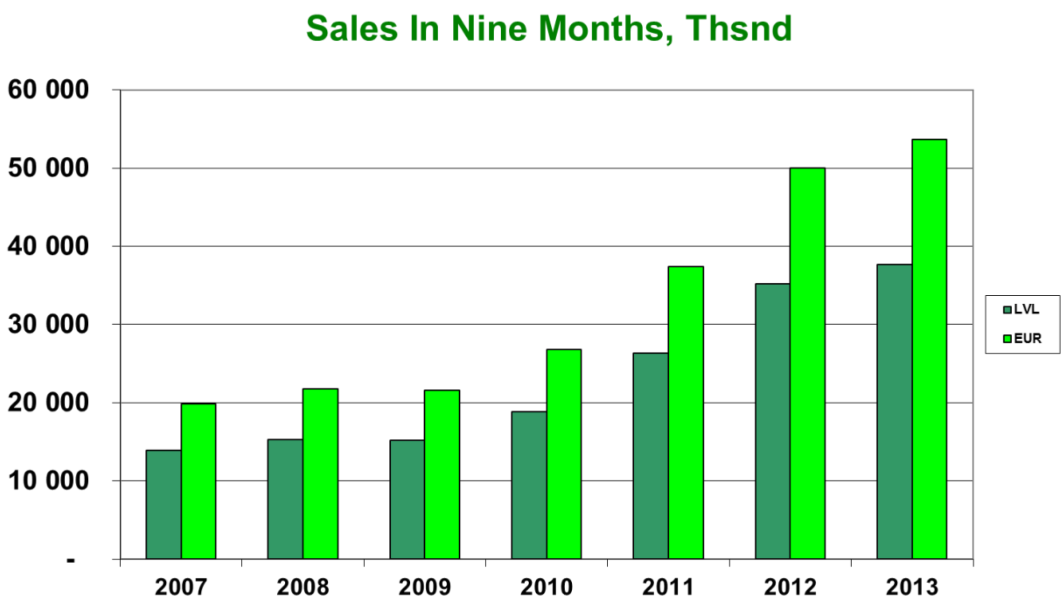
Retail and wholesale of pharmaceutical products are well controlled and regulated in all countries where company operates, therefore, unlike with many other sectors, it is much less subjected to significant political, conjuncture and even economic fluctuations. During the reporting period no major changes took place in company’s main retail and wholesale markets, except some adverse fluctuations of Russian rouble, that had a negative impact on profitability of the company . No major changes are also expected in the nearest future. It is of a very poor probability that the tendency that could be observed in several CIS countries to stimulate the demand for locally produced medicines can significantly influence sales of the Company to these countries as several of AS OlainFarm’s major products have no locally produced same molecule competitors.

Financial results

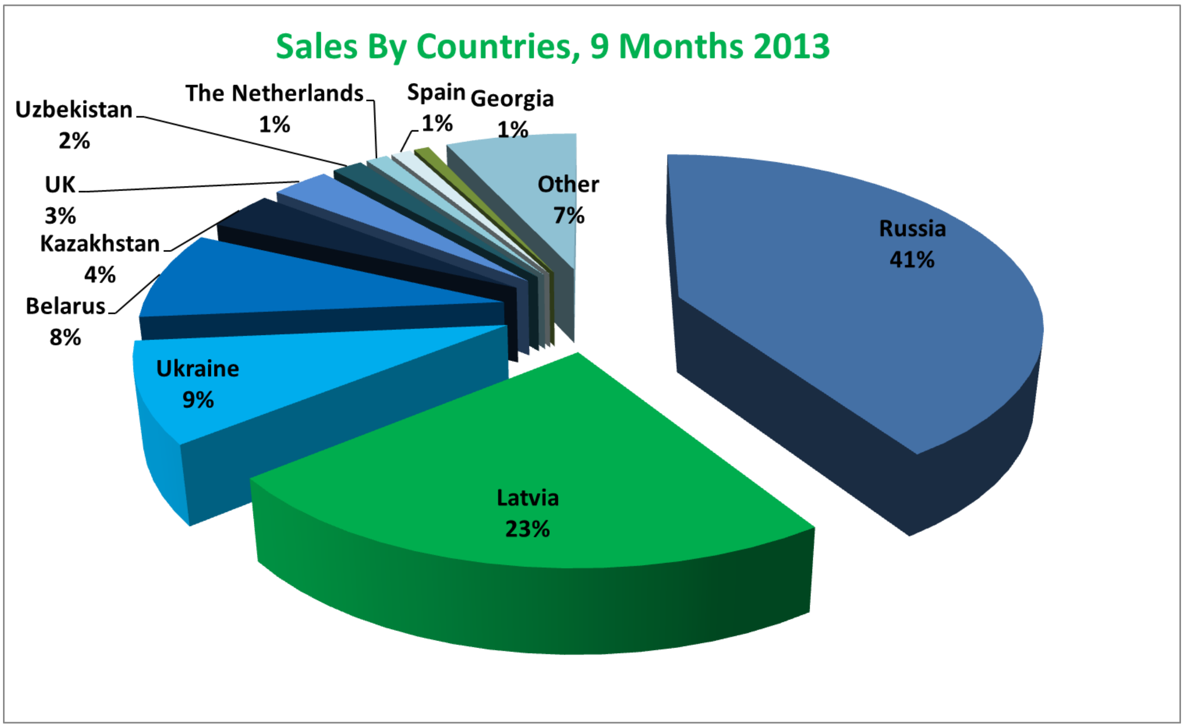
During the third quarter of 2013 sales volumes have grown by 7.4% compared to similar period of 2012 and exceeded 13.4 million lats (19.1 million euro), which makes this yet another best third quarter in corporate history and second best among all quarters. This has been achieved despite the fact that during the last quarter of 2012 extra shipments were made to Ukraine, which caused the sales to Ukraine during 1st and 2nd quarter of 2013 be significantly smaller than normally. During third quarter of 2013, however, these sales to Ukraine are nearly back to normal.



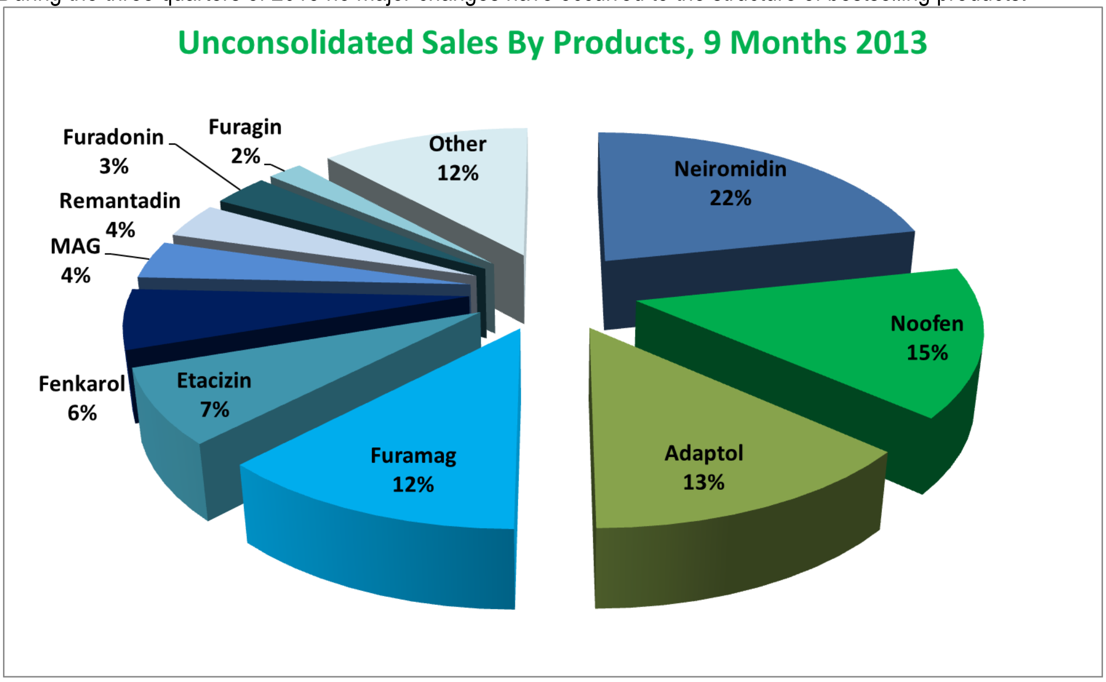
First nine months combined in terms of sales have also been the most successful in corporate history. Consolidated sales have reached 37.7 million lats (53.6 million euro), which represents an increase by 7.2% compared to the respective period of 2012.



During 9 months of 2013 sales to all company's main markets continued increasing except for Ukraine, where they shrunk by 48%, and the UK, where they shrunk by 25% compared to same period of 2012. As mentioned above, such a reduction of sales to Ukraine was expected as extra shipments were made to that country due to expected import difficulties to maintain the presence of the product. All the other major markets demonstrated growth. The most rapid sales increases during the 9 months of 2013 were achieved to The Netherlands, where sales grew by 2685%, Spain by 202%, Belarus by 62%, Latvia by 32% and Uzbekistan by 20%. Major sales markets of AS "OlainFarm" during the 9 months of 2013 were Russia, Ukraine, Latvia, Belarus and Kazakhstan.

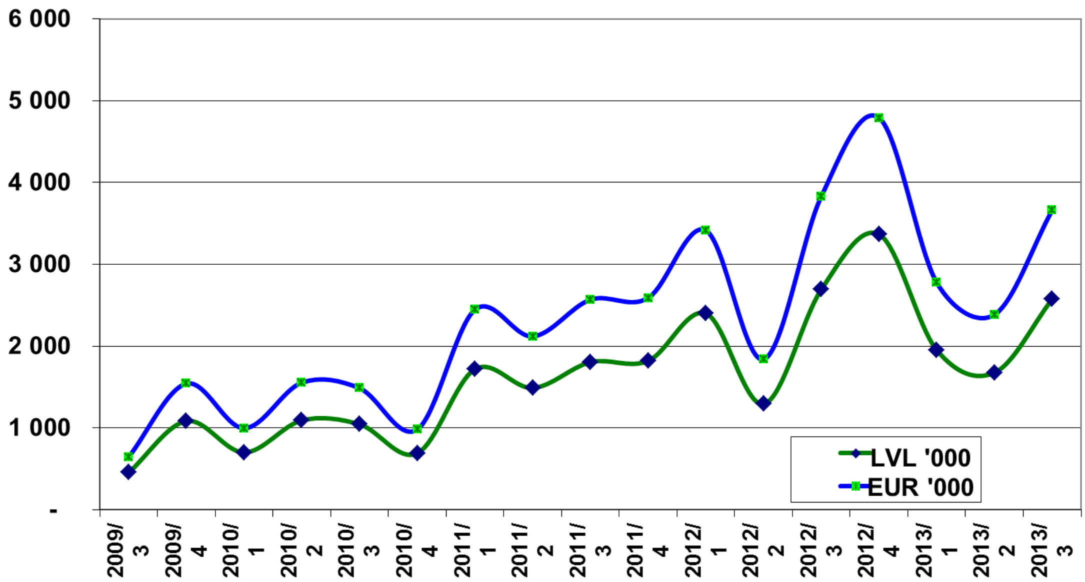


During the three quarters of 2013 no major changes have occurred to the structure of bestselling products.



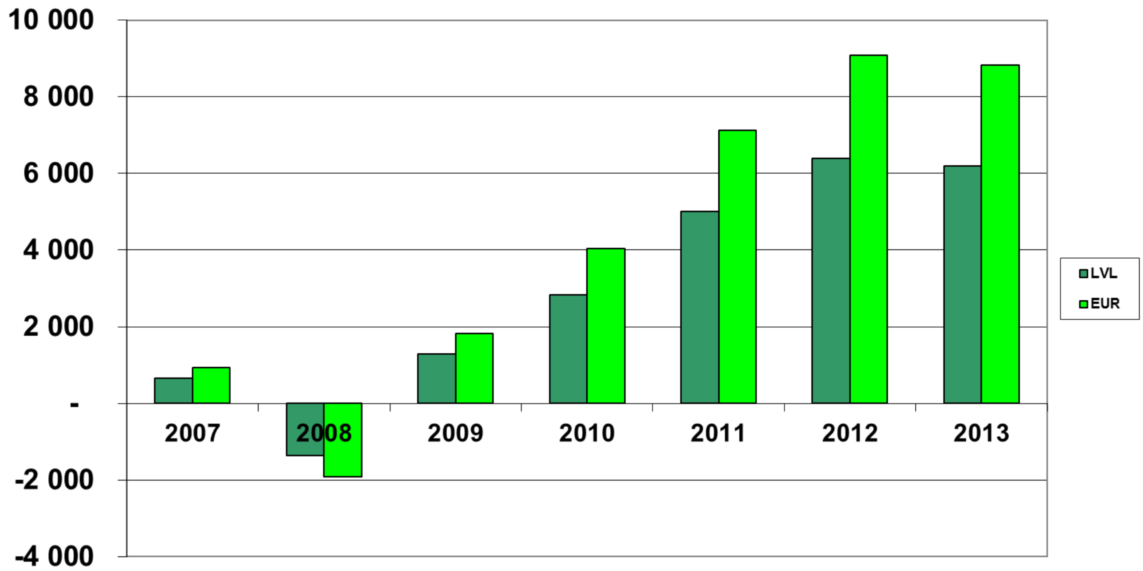
Along with the sales record in the third quarter, one of the most profitable quarters in corporate history was also achieved during Q3 of 2013. During this period a net profit of 2.57 million lats (3.66 million euro) has been made, which is by only 4% less than during the third quarter of 2012. Exceeding the results of the last year was made significantly more difficult by the fact that that due to adverse foreign exchange fluctuations in nine months period the company's profit has been reduced by more than 0.5 million lats (0.7 million euro)

Profit By Quarters



Although a new profit record was set during the 2nd quarter alone, because of less profitable first quarter the combined and significant foreign exchange loss, these 9 months combined have been a little less profitable than 9 months one year ago. During nine months of this year the Company made a net profit of 6.2 million lats (8.84 million euro), which is by only 2.9% less than a year ago.

Profit In Nine Months, Thsnd



This is how other indicators of the company have changed during the first nine months:

Financial indicators	**30.09.2013**	**30.09.2012**	**% to previous period**
Sales (LVL)	37 695 531	35 164 241	107%
Net profit (LVL)	6 200 495	6 385 399	97%
EBITDA (LVL)	9 586 160	9 092 391	105%
EBIT (LVL)	7 905 450	7 499 724	105%
Sales (EUR)	53 635 908	50 034 207	107%
Net profit (EUR)	8 839 513	9 085 604	97%
EBITDA (EUR)	13 639 877	12 937 307	105%
EBIT (EUR)	11 248 442	10 671 146	105%
EBITDA margin, %	25	26	
Net margin, %	16	18	
EBIT margin, %	21	21	
Profit, last 12 months (LVL)	9 514 715	8 286 538	115%
Profit, last 12 months (EUR)	13 538 220	11 790 681	115%
EBITDA, last 12 months (LVL)	14 468 962	11 913 005	121%
EBITDA, last 12 months (EUR)	20 587 478	16 950 679	121%
ROA, % (last 12 months)	15,6	17,8	
ROE, % (last. 12 months)	23,3	25,1	
Current ratio	2,6	3,4	
EPS, LVL (quarter)	0,44	0,45	97%
EPS, EUR (quarter)	0,626	0,65	97%
Share price, end of the period (LVL)	4,86	3,07	158%
Share price, end of the period (EUR)	6,915	4,37	158%
P/E, last 12 months	7,2	5,2	
Market capitalisation at the end of the period (LVL)	68 453 479	43 241 189	158%
Market capitalisation at the end of the period (EUR)	97 400 526	61 526 670	158%
P/B	1,7	1,3	

Annual meeting of shareholders of AS “OlainFarm” held on April 29, 2013 approved operating plan of the Concern. According to it, sales of the Concern in 2013 are planned to be 59 million lats (84 million euros), but the net profit will reach 11.5 million lats (16.4 million euros). According to this unaudited report for 9 months of 2013, during this period 64% of annual sales target and 54% of annual profit target is met.

Shares and stock market

Rapid improvement of Company's financial indicators over the last three years are reflected in fluctuations of price of Company's shares on NASDAQ OMX Riga, as during this period the price of share increased by almost 180%. During the reporting period share price mainly fluctuated around 5 lats, while in middle of August it set a new historic high of 5.39 lats (7.669 euro). During the reporting period price of share of AS "OlainFarm" has been fluctuating between 3.66 and 5.39 lats (5.21 and 7.669 euros).

Price of share of "OlainFarm" on NASDAQ OMX Riga (LVL) (October 2010 – September 2013)

During the first nine months of this year price of share of a/s "Olainfarm" increased significantly more than OMX Riga index. During these three months OMX Riga index increased by 14.7%, while price for share of "Olainfarm" by 31.7%, which clearly was one of the most rapid price increases in the Baltic main list

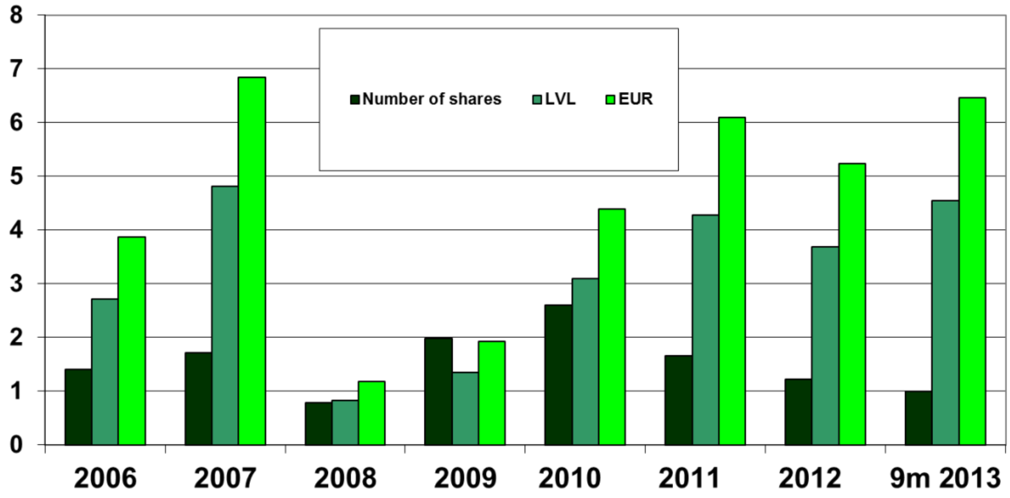
Rebased price of OlainFarm share vs. rebased OMX Riga index (reporting period)

-- OMX Riga

-- AS "OlainFarm"

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%. During the reporting period shares of AS "OlainFarm" has been traded for more than 4.5 million lats, which is approximately 50% of total turnover on the Main list of Nasdaq OMX Riga.

Trading Of Shares On NasdaqOMX Riga, mln.



Development

In February 2013 an agreement was signed with AS „SEB Banka", whereby the amount of loan was increased by 6.6 million euro. Additional loan was taken in order to finance purchases of pharmacies and other companies related to pharmaceuticals.
In January 2013 Company underwent a regular GMP compliance audit, which resulted in prolonged GMP certification for the company.
During 2013 27 products have been registered in 7 different countries, including the marketing partnership products. Registration processes have been started also in Turkey, Mongolia and Mexico. The work has been started at developing several new final dosage forms, clinical trials of injectable form of Kapikor (Olvazol) are being conducted.
AS "OlainFarm" will be given corporate income tax exemption for approved long term investments made within the project "Introduction of new products and improved exporting capacity". This decision was made on the meeting of Cabinet of Ministers held on May 7, and was based on assessment done by the Ministry of Economy about impact such exemption would have on national economy and local competition. It is planned that the total tax exemption could be as high as 5.21 million lats.

Future outlook

During 2013 and subsequent years company plans to continue all efforts targeted at implementation of new products, entering new markets, making a little more emphasis on cooperation with other producers in distribution of their products on CIS and other markets. The company also intends to expand its network of pharmacies, but at pace somewhat slower than recently.
Shares in SIA "SIlvanols" that have been purchased by AS "OlainFarm" will allow company to involve itself more actively in sub-segments of medical devices and food supplements and for development of these sub-segments it intends to apply its marketing and promotion resources in CIS and other countries.

Environment

During the reporting period 5 internal environmental audits have been conducted and amendments have been approved to Category A polluting activity license, which was required due to increasing production volumes, consumption of technical water and launch of cogeneration facility.
5th version of industrial emergency prevention plan has been prepared and submitted to Environment Monitoring Agency.
Application has been submitted to obtain licence for greenhouse gas emissions, which will allow AS "OlainFarm" to involve itself into trading with CO2 emission quotas.

Social responsibility

In 2013 the company continued supporting development of young professionals with scholarships for students of Faculty of Pharmacy of Riga Stradins University, Faculty of Material Sciences and Applied Chemistry of Riga Technical University and Faculty of Chemistry of Latvian University.
In order to facilitate the interest of undergraduate high school students about their possibilities to develop their careers in knowledge based industries, on September 29, when a Day of Science was celebrated, AS "OlainFarm" was visited by school students and teachers. Students from 6 different high schools learned about the work of centre of chromatography and of final dosage form production in AS OlainFarm.

Company continues supporting high quality music events, including music festival "Rigas Ritmi", and concerts organized by Herman Braun foundation and Inese Galante foundation.
The company also supports construction of Orthodox Church in Olaine and is one of the main supporter of Olaine town festival. Recently a support was also provided to the students of "Golden Foundation" of Riga Technical University.

Events after the end of the reporting period
In November of 2013 the Company signed two contracts about purchase of shares in SIA „Traumu aptieka" and SIA „Sabiedrības „ARS" aptieka". Both companies are engaged in retail sales of pharmaceutical products.
In October 2013 the company received an award for being the most rapidly growing Latvian listed company. In November 2013 Swiss Financial advisory company CE Services for the second time named AS OlainFarm the best managed company in Latvia and awarded it with a Corporate Excelence Award. In this category OlainFarm was also named the second best in Baltics.

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

Jelena Borcova
Member of the Board

AKCIJU SABIEDRIBA «OLAINFARM» OlainFarm LATVIJAS REPUBLIKA

November 29, 2013

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 AS OlainFarm:

AKCIJU SABIEDRIBA «OLAINFARM» OlainFarm LATVIJAS REPUBLIKA

Jelena Borcova
Member of the Board

November 29, 2013

Consolidated statement of comprehensive income

	Notes	Q3 2013 LVL '000	Q3 2013 EUR '000	Q3 2012 LVL '000	Q3 2012 EUR '000	9M 2013 LVL '000	9M 2013 EUR '000	9M 2012 LVL '000	9M 2012 EUR '000
Net sales		13 409	19 080	12 487	17 767	37 696	53 636	35 164	50 034
Changes in stock of finished goods and work in progress		(79)	(112)	(366)	(521)	788	1 122	28	40
Other operating income	5	843	1 199	329	468	1 646	2 343	836	1 190
Cost of materials:									
raw materials and consumables		(3 005)	(4 276)	(1 905)	(2 711)	(8 244)	(11 730)	(6 789)	(9 660)
other external costs		(356)	(506)	(238)	(338)	(1 695)	(2 412)	(1 396)	(1 987)
		(3 361)	(4 782)	(2 143)	(3 049)	(9 939)	(14 142)	(8 185)	(11 647)
Staff costs:									
Wages and salaries		(2 117)	(3 013)	(1 800)	(2 561)	(6 428)	(9 146)	(5 476)	(7 791)
Statutory social insurance contributions		(593)	(844)	(497)	(707)	(1 633)	(2 324)	(1 354)	(1 926)
		(2 710)	(3 857)	(2 297)	(3 268)	(8 061)	(11 470)	(6 830)	(9 717)
Depreciation/ amortization		(723)	(1 028)	(553)	(787)	(1 681)	(2 391)	(1 593)	(2 266)
Other operating expense		(3 957)	(5 631)	(4 269)	(6 074)	(12 544)	(17 849)	(11 922)	(16 963)
Financial income		58	82	34	48	65	93	62	88
Financial expense		(230)	(327)	(48)	(68)	(689)	(981)	(151)	(215)
Profit before taxes		**3 250**	**4 624**	**3 174**	**4 516**	**7 281**	**10 361**	**7 409**	**10 544**
Corporate income tax	6	(676)	(963)	(482)	(686)	(1 081)	(1 538)	(1 025)	(1 459)
Profit for the reporting period		**2 574**	**3 661**	**2 692**	**3 830**	**6 200**	**8 823**	**6 384**	**9 085**
Attributable to:									
The equity holders of the Parent Company		**2 580**	**3 671**	**2 693**	**3 831**	**6 206**	**8 831**	**6 385**	**9 086**
Non-controling interests		**(6)**	**(8)**	**-**	**(1)**	**(6)**	**(9)**	**-**	**(1)**
Profit for the reporting period		**2 574**	**3 663**	**2 693**	**3 830**	**6 200**	**8 822**	**6 385**	**9 085**
Basic and diluted earnings per share, LVL/EUR		0.18	0.26	0.19	0.27	0.44	0.63	0.45	0.65

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

For the Board of AS OlainFarm:

Jelena Borcova
Member of the Board

AKCIJU SABIEDRĪBA «OLAINFARM» OlainFarm LATVIJAS REPUBLIKA

November 29, 2013

Consolidated statement of financial position

ASSETS

NON-CURRENT ASSETS	Notes	30/09/2013 LVL '000	30/09/2013 EUR '000	31/12/2012 LVL '000	31/12/2012 EUR '000
Intangible assets					
Goodwill		4 038	5 745	1 481	2 107
Patents		100	142	101	144
Licences		5 953	8 470	4 363	6 208
Other intangible assets		1 048	1 492	1 057	1 503
Prepayments for intangible assets		106	150	126	180
TOTAL	7	**11 245**	**15 999**	**7 128**	**10 142**
Property, plant and equipment					
Land, buildings and constructions		7 854	11 174	7 937	11 294
Equipment and machinery		3 226	4 591	2 611	3 715
Other tangible assets		1 504	2 140	1 104	1 570
Construction in progress		2 552	3 632	975	1 388
Prepayments for property, plant and equipment		1 941	2 762	139	198
TOTAL	8	**17 077**	**24 299**	**12 766**	**18 165**
Financial assets					
Other securities and investments		162	231	145	206
TOTAL		**162**	**231**	**145**	**206**
TOTAL NON-CURRENT ASSETS		**28 484**	**40 529**	**20 039**	**28 513**
CURRENT ASSETS					
Inventories					
Raw materials		1 768	2 516	1 237	1 760
Work in progress		4 443	6 322	4 157	5 915
Finished goods and goods for resale		3 425	4 873	2 029	2 887
Prepayments for goods		117	166	157	223
TOTAL		**9 753**	**13 877**	**7 580**	**10 785**
Receivables					
Trade receivables and Receivables from related companies		18 519	26 350	18 997	27 030
Prepayments to suppliers		139	198	150	213
Other receivables		1 413	2 011	573	816
Corporate income tax		212	302	-	-
Current loans to management and employees		1 598	2 274	768	1 093
Prepaid expense		138	197	164	234
TOTAL		**22 019**	**31 332**	**20 652**	**29 386**
Cash		**717**	**1 021**	**1 792**	**2 550**
TOTAL CURRENT ASSETS		**32 489**	**46 230**	**30 024**	**42 721**
TOTAL ASSETS		**60 973**	**86 759**	**50 063**	**71 234**

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

For the Board of AS OlainFarm:

Jelena Borcova
Member of the Board

AKCIJU SABIEDRIBA „OLAINFARM" LATVIJAS REPUBLIKA OlainFarm

November 29, 2013

Consolidated statement of financial position

EQUITY AND LIABILITIES

EQUITY	Notes	30/09/2013 LVL '000	30/09/2013 EUR '000	31/12/2012 LVL '000	31/12/2012 EUR '000
Share capital		14 085	20 041	14 085	20 041
Share premium		1 760	2 504	1 760	2 504
Retained earnings/ (accumulated deficit):					
brought forward		18 719	26 635	10 502	14 943
for the period		6 206	8 831	9 723	13 835
Equity attributable to equity holders of the parent		**40 770**	**58 011**	**36 070**	**51 323**
Minority interest		178	253	-	-
TOTAL EQUITY		**40 948**	**58 264**	**36 070**	**51 323**
LIABILITIES					
Non-current liabilities					
Loans from credit institutions	9	6 002	8 541	944	1 343
Deferred corporate income tax liabilities		1 512	2 152	1 254	1 784
Finance lease liabilities		92	131	39	56
TOTAL		**7 606**	**10 824**	**2 237**	**3 183**
Current liabilities					
Loans from credit institutions	9	4 852	6 905	6 128	8 719
Finance lease liabilities		118	168	31	44
Prepayments received from customers		67	95	53	76
Trade and other payables		4 887	6 954	3 546	5 046
Payables to related companies		640	910	21	30
Taxes payable		970	1 380	507	721
Corporate income tax		-	-	503	716
Deferred income		578	822	288	410
Accrued liabilities		307	437	679	966
TOTAL		**12 419**	**17 671**	**11 756**	**16 728**
TOTAL LIABILITIES		**20 025**	**28 495**	**13 993**	**19 911**
TOTAL EQUITY AND LIABILITIES		**60 973**	**86 759**	**50 063**	**71 234**

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

For the Board of AS OlainFarm:

Jelena Borcova
Member of the Board

AKCIJU SABIEDRĪBA «OLAINFARM» LATVIJAS REPUBLIKA OlainFarm

November 29, 2013

Consolidated statement of cash flow

	9M 2013		9M 2012	
	LVL '000	EUR '000	LVL '000	EUR '000
Cash flows to/from operating activities				
(Loss)/ Profit before taxes	7 281	10 361	7 409	10 544
Adjustments for:				
Amortisation and depreciation	1 524	2 169	1 565	2 227
(Profit)/Loss on sale/ disposal of property, plant and equipment	(382)	(543)	73	104
Decrease in allowances	(460)	(654)	(15)	(22)
Impairment of tangible non-current assets	(138)	(196)	-	-
Investing reversal	80	115	-	-
Interest expences	120	171	143	203
Interest receivable	(65)	(93)	(6)	(9)
Operating cash flows before working capital changes	**7 960**	**11 330**	**9 169**	**13 047**
Increase in inventories	(1 611)	(2 294)	(871)	(1 240)
(Increase)/Decrease in receivables and prepaid expence	1 166	1 659	(1 800)	(2 561)
Increase/ (decrease) in payables and prepayments received	892	1 268	(832)	(1 184)
Cash generated from operations	**8 407**	**11 963**	**5 666**	**8 062**
Interest paid	(120)	(171)	(143)	(203)
Corporate income tax paid	(1 793)	(2 552)	(1 978)	(2 814)
Net cash flows to/ from operating activities	**6 494**	**9 240**	**3 545**	**5 045**
Cash flows to/from investing activities				
Purchase of property, plant and equipment	(5 613)	(7 986)	(2 501)	(3 559)
Acquistion of subsidiary	(3 869)	(5 505)	(751)	(1 068)
Proceeds from sale of intangible assets and property, plant and equipment	654	930	-	-
Interest receivable	10	14	1	1
Loans granted	(1 042)	(1 483)	(584)	(830)
Net cash flows to/from investing activities	**(9 860)**	**(14 030)**	**(3 835)**	**(5 456)**
Cash flows to/from financing activities				
Dividendes paid	(1 506)	(2 142)	(868)	(1 235)
Borrowings repaid	(2 079)	(2 958)	(1 029)	(1 465)
Borrowings received	5 876	8 361	1 721	2 449
Net cash flows to/from financing activities	**2 291**	**3 261**	**(176)**	**(251)**
Change in cash	**(1 075)**	**(1 529)**	**(466)**	**(662)**
Cash at the begining of the year	**1 792**	**2 550**	**1 525**	**2 170**
Cash at the and of the year	**717**	**1 021**	**1 059**	**1 508**

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

Statement of consolidated changes in equity

	Equity attributable to equity holders of the parent											
	Share capital		Share premium		Retained earnings		Total		Non-controling		Total Equity	
	LVL '000	EUR '000	LVL '000	EUR '000	LVL '000	EUR '000	LVL '000	EUR '000	LVL '000	EUR '000	LVL '000	EUR '000
Balance as at 31 December 2011	**14 085**	**20 041**	**1 760**	**2 504**	**11 370**	**16 177**	**27 215**	**38 722**	**-**	**-**	**27 215**	**38 722**
Profit for the reporting year	-	-	-	-	6 385	9 086	6 385	9 086	-	(1)	6 385	9 086
Policy change effect					248	353						
Paid dividends	-	-	-	-	(868)	(1 235)	(868)	(1 235)	-	-	(868)	(1 235)
Balance as at 30 September 2012	**14 085**	**20 041**	**1 760**	**2 504**	**17 135**	**24 381**	**32 980**	**46 926**	**-**	**(1)**	**32 980**	**46 926**
Balance as at 31 December 2012	**14 085**	**20 041**	**1 760**	**2 504**	**20 225**	**28 778**	**36 070**	**51 323**	**-**	**-**	**36 070**	**51 322**
Profit for the reporting year	-	-	-	-	6 206	8 830	6 206	8 830	178	253	6 384	9 084
Paid dividends	-	-	-	-	(1 506)	(2 143)	(1 506)	(2 143)	-	-	(1 506)	(2 143)
Balance as at 30 September 2013	**14 085**	**20 041**	**1 760**	**2 504**	**24 925**	**35 465**	**40 770**	**58 010**	**178**	**253**	**40 948**	**58 263**

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

Notes to interim condensed 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 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 unaudited interim condensed consolidated financial statements (hereinafter – the interim financial statements) were approved by the Board on 29 November 2013.

2. Summary of significant accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the nine months ended 30 September 2013 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2012.

The interim financial statements are presented in lats (LVL), the monetary unit of the Republic of Latvia. The interim financial statements are translated in euros (European Monetary Unit Euro - EUR) for supplementary information purposes at a rate of 0.702804 lats per one euro.

The interim financial statements comprise the financial statements of the Parent Company and all its subsidiaries as at 30 September 2013.

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group as on 1January 2013:

Amendment to IAS 1 Financial Statement Presentation - Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

Amendment to IAS 19 Employee Benefits

There are numerous amendments to IAS 19. They range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amendment has no impact on the Group's financial position or performance.

Amendment to IFRS 7 Financial Instruments - Enhanced Derecognition Disclosure Requirements,

The amendment introduces common disclosure requirements. These disclosures would provide users with information that is useful in evaluating the effect or potential effect of netting arrangements on an entity's financial position. The amendments to IFRS 7 are to be retrospectively applied. The amendment has no impact on the Group's financial position or performance.

IFRS 13 Fair Value Measurement

The main reason of issuance of IFRS 13 is to reduce complexity and improve consistency in application when measuring fair value. It does not change when an entity is required to use fair value but, rather, provides guidance on how to measure fair value under IFRS when fair value is required or permitted by IFRS. The amendment has no impact on the Group's financial position or performance.

IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

This interpretation applies to stripping costs incurred in the surface mining activity during the production phase of the mine ('production stripping costs'). Interpretation will have no impact on the Group's financial statements, as the Group is not involved in the mining activity.

2. Summary of significant accounting policies (cont'd)

Improvements to IFRSs

In May 2012 IASB issued omnibus of necessary, but non-urgent amendments to its five standards:

- IFRS 1 First-time adoption of IFRS – Repeated application of IFRS1, - Borrowing costs;
- IAS 1 Presentation of Financial Statements - Clarification of the requirements for comparative information;
- IAS 16 Property, Plant and Equipment – Classification of servicing equipment;
- IAS 32 Financial instruments: Presentation - Tax effects of distributions to holders of equity instruments;
- IAS 34 Interim Financial Reporting - Interim financial reporting and segment information for total assets and liabilities.

The adoption of these amendments affects presentation and has no impact on the Group's financial position or performance.

Standards issued but not yet effective and not early adopted

The Group has not applied IFRS and IFRIC interpretations that have been issued as of the date of authorisation of these interim financial statements for issue, but which are not yet effective. The Group plans to adopt the mentioned standards and interpretations on their effectiveness date provided they are endorsed by the EU.

3. Business combination

During the reporting period the Group acquired several unlisted companies registered in Latvia as described below. Companies were acquired to expand the Group product portfolio, utilize more effectively existing infrastructure and increase retail coverage. The Group has used a multiple earnings method in the valuation of intangible assets. The main assumptions used – expected profitability, revenue growth, remaining years to maturity. At the date of authorising for issue the interim financial statements the Group has not yet finalized the identification process for intangible assets from the business combinations - therefore the net assets and goodwill recognized in the interim financial statements are provisional. The interim financial statements include the results of acquired companies from acquisition date till the end of reporting period.

Acquisition of Silvanols Ltd

On May 31, 2013 the Group concluded majority shareholding acquisition of pharmaceutical production company Silvanols Ltd, increasing shareholding and voting power till 70.88%.

The fair value of the identifiable assets and liabilities of Silvanols as at the date of acquisition were:

	Fair value recognized on acquisition	
	LVL '000	**EUR '000**
Assets		
Intangible assets	16	23
Property, plant and equipment (provisional)	407	579
Other long term assets (provisional)	331	471
Cash and cash equivalents	22	31
Other receivables	41	58
Trade receivables	208	296
Inventories (provisional)	489	696
	1514	**2154**
Liabilities		
Trade payables	(233)	(332)
Other current liabilities	(653)	(929)
Deferred tax liabilities	(17)	(24)
	(903)	**(1 285)**
Total identifiable net assets at fair value	**611**	**869**
Non-controlling interest	(183)	(260)
Goodwill arising on acquisition (provisional)	1 666	2 370
Purchase consideration transferred	**2 094**	**2 979**
Analysis of cash flows on acquisition:		
Net cash acquired with the subsidiary	22	31
Cash paid	(2 094)	(2 979)
Net cash outflow	**(2 072)**	**(2 948)**

3. Business combination (cont'd)

This subsidiary has contributed LVL 740 000 (EUR 1 053 000) of revenue and generated LVL 20 000 (EUR 28 000) of loss before tax from the continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been LVL 1 574 000 (EUR 2 240 000) and the loss from continuing operations for the Group would have been LVL 40 000 (EUR 57 000).

The goodwill recognized is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Silvanols with those of the Group. Silvanols is recognized as separate cash generating unit where the related goodwill and intangible assets are attributable.

Acquisition of Trisdesmit Seši un Seši Ltd

On May 23, 2013 the Group acquired 100% of shares in pharmacy retail company *Trisdesmit Seši un Seši Ltd*
The fair value of the identifiable assets and liabilities of the company as at the date of acquisition were:

	Fair value recognized on acquisition	
	LVL '000	**EUR '000**
Assets		
Premises lease agreement and licences (provisional)	150	213
Property, plant and equipment	6	9
Cash and cash equivalents	14	20
Other receivables	13	18
Trade receivables	1	1
Inventories	17	24
	201	**285**
Liabilities		
Trade payables	(38)	(54)
Other current liabilities	(3)	(4)
Deferred tax liabilities	(22)	(31)
	(63)	**(89)**
Total identifiable net assets at fair value	**138**	**196**
Goodwill arising on acquisition (provisional)	47	67
Purchase consideration transferred	**185**	**263**
Analysis of cash flows on acquisition:		
Net cash acquired with the subsidiary	14	20
Cash paid	(185)	(263)
Net cash outflow	**(171)**	**(243)**

This subsidiary has contributed LVL 30 000 (EUR 43 000) of revenue and generated LVL 4 000 (EUR 6 000) of loss before tax from the continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been LVL 107 000 (EUR 152 000) and the profit from continuing operations for the Group would have been LVL 4 000 (EUR 6 000).

The goodwill recognized is primarily attributed to the expected synergies and other benefits from combining the assets and activities of the subsidiary with those of the Group and increase of deferred tax liability from the business combination. Goodwill is allocated entirely to the pharmacy retail segment.

Acquisition of Jaunjelgavas Aptieka Ltd

On May 21, 2013 the Group acquired 100% of shares in pharmacy retail company *Jaunjelgavas Aptieka Ltd*
The fair value of the identifiable assets and liabilities of the company as at the date of acquisition were:

3. Business combination (cont'd)

	Fair value recognized on acquisition	
	LVL '000	**EUR '000**
Assets		
Premises lease agreement and licences (provisional)	60	85
Property, plant and equipment	8	11
Cash and cash equivalents	1	1
Trade receivables	1	1
Inventories	8	11
	78	**109**
Liabilities		
Trade payables	(11)	(16)
Deferred tax liabilities	(10)	(14)
	(21)	**(30)**
Total identifiable net assets at fair value	**57**	**79**
Goodwill arising on acquisition (provisional)	128	184
Purchase consideration transferred	**185**	**263**
Analysis of cash flows on acquisition:		
Net cash acquired with the subsidiary	1	1
Cash paid	(185)	(263)
Net cash outflow	**(184)**	**(262)**

This subsidiary has contributed LVL 17 000 (EUR 24 000) of revenue and generated LVL 7 000 (EUR 10 000) of loss before tax from the continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been LVL 43 000 (EUR 61 000) and the loss from continuing operations for the Group would have been LVL 7 000 (EUR 10 000).

The goodwill recognized is primarily attributed to the expected synergies and other benefits from combining the assets and activities of the subsidiary with those of the Group and increase of deferred tax liability from the business combination. Goodwill is allocated entirely to the pharmacy retail segment.

3. Business combination (cont'd)

Acquisition of Mana Aptieka Ltd

On April 10, 2013 the Group acquired 100% of shares in pharmacy retail company *Mana Aptieka Ltd*
The fair value of the identifiable assets and liabilities of the company as at the date of acquisition were:

	Fair value recognized on acquisition	
	LVL '000	**EUR '000**
Assets		
Premises lease agreement and licences (provisional)	80	114
Cash and cash equivalents	1	1
Other receivables	1	1
Trade receivables	1	1
Inventories	5	7
	88	**124**
Liabilities		
Trade payables	(13)	(18)
Other current liabilities	(2)	(3)
Deferred tax liabilities	(12)	(17)
	(27)	**(38)**
Total identifiable net assets at fair value	**61**	**86**
Goodwill arising on acquisition (provisional)	115	164
Purchase consideration transferred	**176**	**250**
Analysis of cash flows on acquisition:		
Net cash acquired with the subsidiary	1	1
Cash paid	(176)	(250)
Net cash outflow	**(175)**	**(249)**

This subsidiary has contributed LVL 25 000 (EUR 36 000) of revenue and LVL 3 000 (EUR 4 000) of loss before tax from the continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been LVL 55 000 (EUR 78 000) and the profit from continuing operations for the Group would have been LVL 0 (EUR 0)

The goodwill recognized is primarily attributed to the expected synergies and other benefits from combining the assets and activities of the subsidiary with those of the Group and increase of deferred tax liability from the business combination. Goodwill is allocated entirely to the pharmacy retail segment.

3. Business combination (cont'd)

Acquisition of Daugavkrasta Farmācija Ltd

On March 18, 2013 the Group acquired 100% of shares in pharmacy retail company *Daugavkrasta Farmācija Ltd*
The fair value of the identifiable assets and liabilities of the company as at the date of acquisition were:

	Fair value recognized on acquisition	
	LVL '000	**EUR '000**
Assets		
Premises lease agreement and licences (provisional)	60	85
Property, plant and equipment	2	3
Cash and cash equivalents	-	-
Other receivables	1	1
Trade receivables	1	1
Inventories	5	7
	69	**97**
Liabilities		
Trade payables	(5)	(7)
Other current liabilities	(2)	(3)
Deferred tax liabilities	(9)	(13)
	(16)	**(23)**
Total identifiable net assets at fair value	**53**	**74**
Goodwill arising on acquisition (provisional)	81	117
Purchase consideration transferred	**134**	**191**
Analysis of cash flows on acquisition:		
Net cash acquired with the subsidiary	-	-
Cash paid	(134)	(191)
Net cash outflow	**(134)**	**(191)**

This subsidiary has contributed LVL 14 000 (EUR 20 000) of revenue and LVL 2 000 (EUR 3 000) of loss before tax from the continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been LVL 16 000 (EUR 23 000) and the loss from continuing operations for the Group would have been LVL 3 000 (EUR 4 000)

The goodwill recognized is primarily attributed to the expected synergies and other benefits from combining the assets and activities of the subsidiary with those of the Group and increase of deferred tax liability from the business combination. Goodwill is allocated entirely to the pharmacy retail segment.

3. Business combination (cont'd)

Acquisition of Baltā Aptieka I.P.I. Ltd

On March 5, 2013 the Group acquired 100% of shares in pharmacy retail company *Baltā Aptieka I.P.I. Ltd*
The fair value of the identifiable assets and liabilities of the company as at the date of acquisition were:

	Fair value recognized on acquisition	
	LVL '000	**EUR '000**
Assets		
Premises lease agreement and licences (provisional)	130	185
Property, plant and equipment	88	125
Cash and cash equivalents	1	1
Other receivables	1	1
Trade receivables	6	9
Inventories	22	31
	248	**352**
Liabilities		
Trade payables	(30)	(43)
Other current liabilities	(3)	(4)
Deferred tax liabilities	(30)	(43)
	(63)	**(90)**
Total identifiable net assets at fair value	**185**	**262**
Goodwill arising on acquisition (provisional)	106	152
Purchase consideration transferred	**291**	**414**
Analysis of cash flows on acquisition:		
Net cash acquired with the subsidiary	1	1
Cash paid	(291)	(414)
Net cash outflow	**(290)**	**(413)**

This subsidiary has contributed LVL 112 000 (EUR 159 000) of revenue and LVL 0 (EUR 0) of the net profit before tax from the continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been LVL 160 000 (EUR 228 000) and the profit from continuing operations for the Group would have been LVL 1 000 (EUR 1 000).

The goodwill recognized is primarily attributed to the expected synergies and other benefits from combining the assets and activities of the subsidiary with those of the Group and increase of deferred tax liability from the business combination. Goodwill is allocated entirely to the pharmacy retail segment.

3. Business combination (cont'd)

Acquisition of Elpa Aptiekas Ltd

On February 11, 2013 the Group acquired 100% of shares in pharmacy retail company *Elpa Aptiekas Ltd*
The fair value of the identifiable assets and liabilities of the company as at the date of acquisition were:

	Fair value recognized on acquisition	
	LVL '000	**EUR '000**
Assets		
Premises lease agreement and licences (provisional)	1 110	1 579
Property, plant and equipment	13	18
Cash and cash equivalents	6	9
Other receivables	4	6
Trade receivables	57	81
Inventories	57	81
	1 247	**1 774**
Liabilities		
Trade payables	(175)	(249)
Other current liabilities	(35)	(50)
Other long term liabilities	(270)	(384)
Deferred tax liabilities	(167)	(238)
	(647)	**(921)**
Total identifiable net assets at fair value	**600**	**853**
Goodwill arising on acquisition (provisional)	350	499
Purchase consideration transferred	**950**	**1 352**
Analysis of cash flows on acquisition:		
Net cash acquired with the subsidiary	6	9
Cash paid	(950)	(1 352)
Net cash outflow	**(944)**	**(1 343)**

This subsidiary has contributed LVL 370 000 (EUR 526 000) of revenue and LVL 8 000 (EUR 11 000) of the net profit before tax from the continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been LVL 489 000 (EUR 696 000) and the loss from continuing operations for the Group would have been LVL 190 000 (EUR 270 000).

The goodwill recognized is primarily attributed to the expected synergies and other benefits from combining the assets and activities of the subsidiary with those of the Group and increase of deferred tax liability from the business combination. Goodwill is allocated entirely to the pharmacy retail segment.

Information on prior year acquisitions

During financial year 2012 100% shares of Teriaks Ltd, Rudens Laiks Ltd, Aptieka Rudens 10 Ltd, Esplanade Farm Ltd were acquired, all unlisted pharmacy retail companies registered in Latvia. No adjustments have been recognised in initial provisional goodwill and net assets value of acquired companies disclosed in latest annual accounts.

4. Impairments

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill and other intangible assets with indefinite lives is based on value-in-use calculations using cash flow projections from financial budgets approved by the management. The key assumptions used to determine the recoverable amount for the cash generating unit (Pharmacy CGU) were disclosed in the annual consolidated financial statements for the year ended 31 December 2012.

Management has not identified circumstances that indicate the carrying value of Silvanols CGU and Pharmacy CGU related goodwill, premises lease agreements and licenses may be impaired at the date of these interim financial statements.

The Group investment in a related company SIA Olainfarm Enerģija in the amount of LVL 1 000 (EUR 1 000) was impaired during the financial year 2012, as entity has ended financial year 2012 with losses and negative equity. For year 2013 the impairment is reversed since the company finished investment project and started to generate sustainable profits.

5. Other operating income

On October 3, 2013 the Group has sold licence and lease agreements of two pharmacies gaining proceeds of LVL 580 000 (EUR 825 000). At the same time the intangible assets of LVL 210 000 (EUR 299 000) recognised on acquisition of respective pharmacies in year 2012 has been disposed. The transaction resulted in LVL 370 000 (EUR 526 000) profit for the Group. These pharmacies has contributed LVL 1 050 000 (EUR 1 494 000) of revenue and LVL 48 000 (EUR 68 000) of the net profit before tax from the continuing operations of reporting period.

6. Income tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings.
The major components of income tax expense in the interim condensed income statement are:

	9M 2013		9M 2012	
	LVL '000	**EUR '000**	**LVL '000**	**EUR '000**
Current corporate income tax charge for the year	822	1 170	1 028	1 462
Deferred corporate income tax due to changes in temporary differences	258	368	(3)	(4)
Charged to the income statement:	**1 080**	**1 538**	**1 025**	**1 458**

7. Intangible assets

During the reporting period the Group has recognised goodwill and other intangible assets from business combinations as described in note 3 on total provisional value of LVL 4 083 000 (EUR 5 810 000).
On October 3, 2013 the Group has purchased licence and lease agreements of two pharmacies for LVL 280 000 (EUR 398 000) recognising purchase value as fair value of intangible asset.
The Group has disposed intangible asset of LVL 210 000 (EUR 299 000) within the transaction described in note 5.

8. Property, plant and equipment

During the reporting period the Group has recognised property, plant and equipment obtained during business combinations as described in note 3 on total value of LVL 524 000 (EUR 746 000).
During reporting period constructive improvements and renovation works are made on the Parent Company administrative building on total value of LVL 208 000 (EUR 296 000)
No material disposals or write-offs performed during the reporting period.

9. Loans from credit institutions

On 07 June 2013 The Parent Company has concluded agreement with SEB bank for the loan amounting to LVL 3 000 000 (EUR 4 268 615). The maturity date is 7 June 2015.

10. Related party disclosures

Related party	Type of services		Cash, goods and services received from related parties, LVL ' 000	Cash, goods and services received from related parties, EUR ' 000	Cash paid, goods and services delivered to/ Loans issued to related parties, LVL ' 000	Cash paid, goods and services delivered to/ Loans issued to related parties, EUR '000	Amounts owed by related parties (gross), LVL ' 000	Amounts owed by related parties (gross), EUR ' 000	Amounts owed to related parties, LVL' 000	Amounts owed to related parties, EUR ' 000
1. Associated entities										
OLAINFARM ENERĢIJA SIA (Olainfarm AS share 50%)	The loan,services, energy	2012	1	1	122	174	172	245	1	1
		2013	301	428	301	428	179	254	22	31
	TOTAL:	**2012**	**1**	**1**	**122**	**174**	**172**	**245**	**1**	**1**
	TOTAL:	**2013**	**301**	**428**	**301**	**428**	**179**	**254**	**22**	**31**
2. Key management personnel of the Group										
V. Maligins (shareholder of SIA Olmafarm)	The loan	2012	-	-	998	1 420	998	1 420	-	-
		2013	540	768	1 255	1 785	1 409	2 005	-	-
	TOTAL:	**2012**	**-**	**-**	**998**	**1 420**	**998**	**1 420**	**-**	**-**
	TOTAL:	**2013**	**540**	**768**	**1 255**	**1 785**	**1 409**	**2 005**	**-**	**-**
3. Entity with significant influence over the Group										
SIA Olmafarm (shareholder)	The loan and finished goods sale	2012	2	2	1	1	128	183	-	-
		2013	1	1	1	1	128	182	-	-
SIA Vega MS (V. Maligins share 60%)	Security services, manufacture of windows	2012	358	510	354	504	-	-	5	8
		2013	347	494	393	560	44	62	3	4
SIA "Aroma" (V.Maligins share 75%)	The loan and liase services	2012	18	26	36	51	46	65	-	-
		2013	10	14	36	51	71	101	-	-
Lano Serviss SIA (V.Maligins share 25.04%)	Drycleaner's services	2012	28	40	27	39	1	1	2	3
		2013	19	27	18	26	1	1	2	2
SIA Carbochem (V.Maligins share 50%)	Intermediary on sale of chemical products	2012	-	-	0	-	77	109	-	-
		2012	-	-	0	-	76	109	-	-
SIA OLFA Press (V. Maligins share 45%)	Printing services	2012	839	1 193	790	1 124	6	8	163	231
		2012	638	907	631	897	1	1	164	234
Olfa OOO (V. Maligin's share 51%, J.Dudko's share 49%)	Finished good sale	2012	8 170	11 625	13 668	19 448	9 104	12 953	-	-
		2013	5 920	8 423	3 687	5 246	6 871	9 776	-	-
	TOTAL:	**2012**	**9 415**	**13 396**	**14 876**	**21 167**	**9 362**	**13 319**	**170**	**242**
	TOTAL:	**2013**	**6 935**	**9 866**	**4 766**	**6 781**	**7 192**	**10 232**	**169**	**240**

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and interest free (except for the loan to Valērijs Maligins), and are settled in cash (except for the loan to Valērijs Maligins). In 2009, the Group established an allowance for a receivable from the related party SIA Carbochem in the amount of LVL 61 982 (EUR 88 192). No allowances for any other receivables from the related parties have been made. The Group assesses the receivables from the related parties each financial year through examining the financial position of the respective related party and the market in which the related party operates.

11. Segment information

Operating segments

(in thousands LVL)	Finished form medicine	Chemicals	Pharmacy wholesale	Pharmacy retail	Silvanols	Unallocated and eliminated	Consoli-dated
Operating assets							
30.09.2013	13 668	1 409	1 483	2 616	1 054	612	20 842
30.09.2012	11 364	1 649	202	1 950	-	486	15 651
Operating liabilities							
30.09.2013	55 670	953	383	3 269	1 663	330	62 268
30.09.2012	44 156	305	120	2 155	-	300	47 036
Revenue							
External customers							
9M 2013	27 496	2 240	2 745	7 861	556	(3 203)	37 695
9M 2012	26 837	493	3 037	5 281	-	(484)	35 164
Inter-segment							
9M 2013	3 852	1 755	-	-	1	(5 608)	-
9M 2012	449	288	-	-	-	(737)	-
Total revenue							
9M 2013	31 348	3 995	2 745	7 861	557	(8 811)	37 695
9M 2012	27 286	781	3 037	5 281	-	(1 221)	35 164
Segment profit / (loss)							
9M 2013	9 355	271	(4 145)	765	(21)	(25)	6 200
9M 2012	10 911	85	(4 587)	134	-	(159)	6 384

(in thousands EUR)	Finished form medicine	Chemicals	Pharmacy wholesale	Pharmacy retail	Silvanols	Unallocated and eliminated	Consoli-dated
Operating assets							
30.09.2013	19 448	2 005	2 110	3 722	1 500	871	29 656
30.09.2012	16 169	2 346	287	2 775	-	692	22 269
Operating liabilities							
30.09.2013	79 211	1 356	545	4 651	2 366	470	88 599
30.09.2012	62 828	434	171	3 066	-	427	66 926
Revenue							
External customers							
9M 2013	39 123	3 187	3 906	11 185	791	(4 557)	53 635
9M 2012	38 186	701	4 321	7 514	-	(689)	50 033
Inter-segment							
9M 2013	5 481	2 497	-	-	1	(7 979)	-
9M 2012	639	410	-	-	-	(1 049)	-
Total revenue							-
9M 2013	44 604	5 684	3 906	11 185	792	(12 536)	53 635
9M 2012	38 825	1 111	4 321	7 514	-	(1 738)	50 033
Segment profit							
9M 2013	13 311	386	(5 898)	1 088	(30)	(36)	8 821
9M 2012	15 525	121	(6 527)	191	-	(226)	9 084

11. Segment information (cont'd)

Reconciliation of profit	For 9 months ended 30 September			
	2013		2012	
	LVL'000	EUR'000	LVL'000	EUR'000
Segments' profit	**6 225**	**8 857**	**6 543**	**9 310**
Loss from unallocated activities	(23)	(33)	(154)	(219)
Other adjustments	(2)	(3)	(5)	(7)
Profit for the period	**6 200**	**8 821**	**6 384**	**9 084**

12. Dividends paid and proposed

Shareholders of the Parent Company on 29 April 2013 has decided to pay dividends 0.107 LVL (0.152 EUR) per share allocating in total for distribution LVL 1 507 000 (EUR 2 144 000) of year 2012 profits. Dividends have been assigned for pay-out on 25 June 2013.

13. Events after the reporting period

Details of events after the reporting period end are described in Management Report accompanying these interim financial statements.