

Rīga

2014 year 28 november

JSC "Rīgas Farmaceutiskā Fabrika"

Unaudited statement of financial position
for year **2014.**
I-III quart.

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JSC "Rīgas Farmaceutiskā Fabrika" year 2014
FINANCIAL REPORT

DATA OF THE ENTERPRISE

Full name of the enterprise	JSC "Rīgas Farmaceutiskā Fabrika"
The legal status of a society	Joint-stock company
The state registration in the register of the enterprises	registration Nr. 40003000765 , Riga , 1991 year 26 march
The legal address of the enterprise	Duntes street 16/22 , Riga , LV-1005
Main activity of the company	Manufacture of pharmaceutical preparations
NACE code	21.20
Members of the board	Kaspars BĀLIŅŠ Uģis FREIMANIS Dace KALEINE
Councillors	Dagmāra ĀBOLTIŅA Jūlija DMITRIJEVA Vladimirs IVANIKINS Natalja GORBUNOVA Aksana BĒRZIŅA
The accounting period	from 2014.01.01 to 2014.09.30

MANAGEMENT REPORT

„Rīgas farmaceutiskā fabrika” JSC is located in Riga, 16/22 Dantes street and 6 Maza Ozolu street. The management of the company is realized by the Board of 3 persons.

The Company produce galenics products, therapeutically herbal teas and food supplies in Latvia. The factory was registered in the Register of Enterprises of the Republic of Latvia in 2004


The main types of operations of the company is the manufacturing of medicinal products, food supplies and medical goods. The finished products mainly were distributed in Latvia.

We have rebuilt our home page www.rff.lv starting this year. Our web page is modernized and made much more user-friendly and foreseeable. Here you can learn about all ongoing monthly special offers in local pharmacies chains, as well as get more depth information on each of our manufactured products. We have also started activities in different social networks- locals and internationals.

The neto turnover of the company in 9 mounth 2014 was **1 949 458 EUR** , that is 243 872 EUR more than in 2013 . The profit of the company in 2014 was **99 652 EUR** , that is more than in 2013 .

The management of joint stock company „Rīgas farmaceutiskā fabrika” is liable for the preparation of financial report and it is liable, that financial reports are prepared according to requirements of valid legislative acts and provides the true and clear conception about the assets, liabilities, financial situation and profit or losses, as well as for the fact that the management report includes true information.

The management of the company is liable about corresponding provision of bookkeeping system, the maintenance of the Company's assets, as well as for the prevention and detection of the fraud and other irregularities in the Company. The management is also responsible for the accomplishment of Latvian legislation.


Kaspars BĀLINŠ
Uģis FREIMANIS
Dace KALEINE


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JSC "Rīgas Farmaceutiskā Fabrika" year 2014
FINANCIAL REPORT

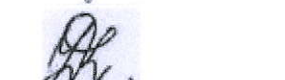
STATEMENT OF COMPREHENSIVE INCOME for the period ended 2014.09.30

		2014.	2013.
		I-III quart. EUR	I-III quart. EUR
Net turnover	2	1 949 458	1 705 586
Cost of sales (prime cost)	3	-1 192 043	-986 068
Gross profit or loss		757 415	719 518
Sales distribution costs	4	-466 940	-510 935
Administration costs	5	-188 776	-147 878
Other operating income	6	7 528	5 323
Other operating expenses	7	-3 188	-32 470
Interest payable and similar charges	8	-1 727	-1 232
Peļņa vai zaudējumi pirms ārkārtas posteņiem un nodokļiem		104 312	32 326
Corporate income tax (postpone)		0	0
Other taxes	9	-4 660	-3 445
Profit or loss for the financial period		99 652	28 881
EPS k-t		0,1503	0,0436

Annex from 10 . to 19 . is an integral part of these financial statements


Kaspars BĀLINŠ


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BALANCE SHEET for the period ended

2014.09.30

ASSETS

		2014.	2013.
		I-III quart.	I-III quart.
		EUR	EUR
<hr/>			
Long - term investments			
Intangible investments			
Concessions, patents, licenses, trade-marks and similar rights	10	2 180	13 335
Advance payments of intangible investments		0	0
TOTALLY		2 180	13 335
<hr/>			
Fixed assets			
Lands, buildings, constructions and preniai plantations	11	448 679	411 218
Technological equipment and machines	11	55 369	86 247
Other fixed assets and inventory	11	80 326	48 937
Advance payments for fixed assets		0	0
TOTALLY		584 374	546 402
<hr/>			
Long - term investments TOTALLY		586 554	559 737
<hr/>			
Current assets			
Stocks			
Raw materials, direct materials and auxiliary materials	12	557 362	436 521
Unfinished products	13	64 362	37 823
Complete products and goods for sale	14	289 118	232 520
Advance payments for goods		4 433	75 707
Work animals and productive animals	15	213	213
TOTALLY		915 488	782 784
<hr/>			
Debtors			
Customers and client debts	16	105 553	68 487
Other debts	17	500	3
Accrued income	18	14 647	15 958
TOTALLY		120 700	84 448
<hr/>			
Cash assets	19	6 048	5 339
<hr/>			
Current assets TOTALLY		1 042 236	872 571
<hr/>			
BALANCE		1 628 790	1 432 308
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JSC "Rīgas Farmaceutiskā Fabrika" year 2014
FINANCIAL REPORT

BALANCE SHEET for the period ended 2014.09.30

LIABILITIES		2014. I-III quart. EUR	2013. I-III quart. EUR
Equity capital			
Stock or share capital (equity capital)	20	943 364	943 364
Retained profit:			
a) Retained profit of previous years		-11 833	-48 924
b) Retained profit of the year of accountant	21	99 652	28 881
TOTALLY		1 031 183	923 321
Stockpiles			
Other stockpiles	22	33 145	29 506
TOTALLY		33 145	29 506
Creditors			
Long - term debts			
Other loans	23	144 531	35 704
Tax on profit (pustpone) or loss for the financial period	27	0	0
TOTALLY		144 531	35 704
Short - term debts			
Other loans	23	7 145	26 995
Debts to suppliers and contractors	24	179 266	245 023
Tax and social security payments	25	41 322	24 681
Other creditors	26	22 198	19 020
Accrued liabilities	28	170 000	128 058
TOTALLY		419 931	443 777
Creditors TOTALLY		564 462	479 481
BALANCE		1 628 790	1 432 308

Annex from 10 . to 19 . is an integral part of these financial statements




Kaspars BĀLINŠ

2014 year 28 november



Uģis FREIMANIS



Dace KALEINE

STATEMENT OF CASH FLOW for the period ended 2014.09.30
(indirect method)

	2014. I-III quart. EUR	2013. I-III quart. EUR
CASH FLOW from operating activities		
Profit or loss before extraordinary items and tax	104 312	32 326
Corrections :		
depreciation of fixed assets and intangible investments (+)	87 915	113 839
accumulation for unused vacation (+)	1	0
interest payable and similar charges (+)	1 727	1 232
Profit or loss before working capital and working capital correction influence	193 955	147 397
Corrections :		
debts of customers and subscribers	-25 201	19 126
provisions	4 565	-345 025
others debtors	-119 863	218 455
Net cash provided by operating activities	53 456	39 953
interest payments (-)	-1 727	-1 232
the taxes deducted from net profit (property tax)	-4 660	-3 445
Cash flow from operating activities	47 069	35 276
Investing activities		
fixed assets purchase costs	-32 889	-32 621
income from sale of fixed assets	0	0
Cash provided by investing activities	-32 889	-32 621
Cash flow from financing		
received loans	27 360	0
Expenses of leased fixed assets (-)	-37 241	-562
Net financing cash flow	-9 881	-562
Net increase (decrease) in cash	4 299	2 093
Cash at the beginning of the year	1 749	3 246
Cash at the end of the year	6 048	5 339

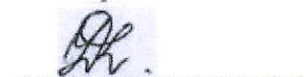
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FINANCIAL REPORT


OVERVIEW of EQUITY CAPITAL CHANGES
for the period ended 2014.09.30

	Share capital	Reserves	Retained profit of previous years	Retained profit of the year of accountant	Equity capital (total)
	EUR	EUR	EUR	EUR	EUR
2012.12.31	943 364	0	-83 097	34 173	894 440
2012 year profit transferred to retained earnings			34 173	-34 173	-
Retained profit of the year of accountant				37 091	37 091
Relief for losses from reserves					-
2013.12.31	943 364	-	-48 924	37 091	931 531
2013 year profit transferred to retained earnings			37 091	-37 091	-
Retained profit of the year of accountant				99 652	99 652
2014.09.30	943 364	-	-11 833	99 652	1 013 183

Annex from 10. līdz 10 . to 19 . is an integral part of these financial statements


Kaspars BĀLINŠ


Uģis FREIMANIS


Dace KALEINE

2014 year 28 november

(1) STATEMENT OF ACCOUNTING POLICIES - GENERAL PRINCIPLES

Basis of preparation

The Annual Report is prepared in accordance with Latvian law "On Accounting" and "Annual reports".

The income statement is prepared in accordance with the turnover method.

The cash flow statement prepared using the indirect method.

Net sales

Net sales represent the revenues of the company's core business, the sale of products and services, net of trade discount and other discounts granted, as well as value added tax and other taxes directly related to the sale.

Proceeds from the sale of goods is recognized when the buyer s accepted the goods, according to delivery terms.

During the reporting period

The reporting period is 9 months of 2014.01.01 to 2014.09.30 .

Currency and foreign currency translation

These financial statements are expressed in the Latvian national currency - euro (EUR).

All monetary assets and liabilities are translated into Latvian lats at the exchange rate at the period end.

Foreign exchange rate fluctuations on profit or loss is reflected in the profit and loss account.

Long-term and short-term items

Long-term items of an amount reported by the receipt, payment, or write-off shall be the later of one year after the year end.

The amounts received, paid or written off during the reported short-term positions.

Non-current assets and depreciation recognition

Balance sheet of all fixed assets and intangible assets are stated at cost less depreciation rates.

Depreciation is calculated on straight-line methods,

choosing on the basis of the following rates:

Intangible assets:

license	20	%
other intangible assets	20	%

Fixed Assets:

Buildings and structures	5-10	%
Iekārtas un mašīnas	20	%
Other fixed assets	20-35	%

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Measurement of inventories

Reserves are estimated using FIFO method.

Inventory balances checked on the inventory.

Receivables

Trade receivables are shown net of.

Savings

Provisions are intended to cover certain types of obligations, relating to the reporting year or previous years and Annual Reports of the anticipated or known, but the amount or specific commitment to the creation or the date of recovery is uncertain.

Provision for vacation pay

Amount of the provision is determined by multiplying the average employee salary of one day to the year-end accrued but unused vacation days.

Accrued liabilities

Clearly aware of the settlement amount payable for the current year goods or services received if the balance sheet date has not yet received the corresponding payment document in accordance with the supply, sale or contract business conditions or other reasons, recognized as accruals for the period.

Corporate income tax

Corporate income tax costs are included in the financial statements in accordance with Latvian tax legislation of.

For the reporting period the estimated tax is calculated under the Law "On Corporate Income Tax" claims in determining taxable income, and applying the statutory tax rate of 15%.

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(2) Net Sales

Type of activity	2014. EUR	2013. EUR
Manufacture of drugs	1 895 027	1 646 195
Raw materials and distribution	20 734	24 508
Provision of services	33 697	34 883
Total	1 949 458	1 705 586

Net sales by geographical markets

State	2014. EUR	2013. EUR
Latvia	1 799 166	1 596 268
Lithuania	30 394	11 535
Estonia	81 778	68 123
Other	38 120	29 660
Total	1 949 458	1 705 586

(3) Cost of sales

	2014. EUR	2013. EUR
Cost of materials	688 201	531 844
Staff costs	112 869	119 833
State social security contributions	26 626	28 176
Depreciation of fixed assets and intangible assets depreciation	87 915	113 838
Depreciation of current assets	8 376	8 445
Maintenance costs	216 383	142 188
Transport costs	22 336	29 264
Other	29 337	12 480
Total	1 192 043	986 068

(4) Sales expenses

	2014. EUR	2013. EUR
Staff costs	264 725	203 834
State social security contributions	57 363	47 273
Advertising expenses	117 955	241 725
Transport costs	15 898	6 870
Other	10 999	11 233
Total	466 940	510 935

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(5) Administration costs

	2014. EUR	2013. EUR
Staff costs	87 754	69 015
State social security contributions	20 701	16 453
Legal and accounting services	2 273	4 785
Transport costs	6 814	6 985
Other	71 234	50 640
Total	188 776	147 878

(6) Other operating income

	2014. EUR	2013. EUR
The difference of exchange rate changes and currency sales	314	1 178
Received a penalty	0	750
Proceeds from sale of fixed assets	0	0
Other	7 214	3 395
Total	7 528	5 323

(7) Other operating expenses

	2014. EUR	2013. EUR
Expenses not related to economic activity	1 910	30 206
The difference of exchange rate changes and currency sales	340	1 380
Penalties	9	30
Gifts and benefits	400	427
Other	529	427
Total	3 188	32 470

(8) Interest payable and similar charges

	2014. EUR	2013. EUR
Leasing interest payments	1 727	1 232
Total	1 727	1 232

(9) Other taxes

	2014. EUR	2013. EUR
Real estates tax	4 660	3 445
Total	4 660	3 445

(9) Intangible assets

	Licenses and patents	Advance payment for intangible assets	Total intangible assets
	EUR	LVL	EUR
Historical cost as of			
2013.12.31	141 458	0	141 458
Additions	0	0	0
Disposals	0	0	0
2014.09.30	141 458	0	141 458
Accumulated depreciation before			
2013.12.31	131 784	0	131 784
Accumulated depreciation	7 494	0	7 494
2014.09.30	139 278	0	139 278
Net book value 2013.12.31	9 674	0	9 674
Net book value 2014.09.30	2 180	0	2 180

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(11) Fixed assets

	Land and buildings	Equipment	Other fixed assets	Advance payment for fixed assets	Fixed assets total
	EUR	EUR	EUR	EUR	EUR
Historical cost as of					
2013.12.31	1 016 266	822 438	400 678	-	2 239 382
Additions	0	7 340	26 192	0	33 532
Disposals	0	0	-1 288	0	-1 288
2014.09.30	1 016 266	829 778	425 582	0	2 271 626
Accumulated depreciation before					
2013.12.31	526 142	749 300	332 034	-	1 607 476
Accumulated depreciation	41 445	25 109	13 866	0	80 420
Excluded on disposal	0	0	-644	0	-644
2014.09.30	567 587	774 409	345 256	0	1 687 252
Net book value 2013.12.31	490 124	73 138	68 644	0	631 906
Net book value 2014.09.30	448 679	55 369	80 326	0	584 374

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(12) Raw materials, direct materials and auxiliary materials

	2014.	2013.
	EUR	EUR
Materials	211 049	187 704
Consumables - glass containers	122 622	78 574
Consumables - plastic and metal packages	102 494	69 843
Printed materials	76 902	82 941
Other	44 295	17 459
Total	557 362	436 521

(13) Unfinished products

	2014.	2013.
	EUR	EUR
The packing station neizfāsēta products (quarantine area)	46 650	28 651
Production units of semi-finished products segment	17 712	9 172
Total	64 362	37 823

(14) Complete products and goods for sale

	2014.	2013.
	EUR	EUR
The company's stock of finished goods in stock	289 118	232 520
Total	289 118	232 520

(15) Work animals and productive animals

	2014.	2013.
	EUR	EUR
Guard dogs	213	213
Total	213	213

(16) Customers and client debts

	2014.	2013.
	EUR	EUR
Trade receivables have a carrying amount	105 553	68 487
Book value	105 553	68 487

By currencies :	2014.		2013.
	currency	EUR	EUR
EUR		105 553	36 003
Other		0	32 484
Total		105 553	68 487

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(17) Other debts

	2014.	2013.
	EUR	EUR
Tax receivables together	0	0
Operatīvā līzīngā neamortizētās daļas of settlement balances	500	3
Total	500	3

(18) Accrued income

	2014.	2013.
	EUR	EUR
Property Insurance	2 907	2 417
Vehicle Insurance	1 275	1 178
Employee Health Insurance	3 309	3 192
Magazine subscription	73	165
Other	7 083	9 006
Total	14 647	15 958

(19) Cash Assets and EUR currency according to the 31.12.

By currencies :	2014.		2013.
	currency	EUR	EUR
EUR		6 048	0
Other		0	5 339
Total		6 048	5 339

(20) Share capital

	943 364	EUR
consisting of	660 000	ordinary shares with voting rights
and	3 000	common shares without voting rights
Each share is LVL	1,423	

(21) Retained earnings

	EUR
For 2013. the reporting year, the profits up	99 652

(22) Other provisions

	2014. EUR	2013. EUR
Provision for unused vacations	33 145	29 506
Total	33 145	29 506

Long-term debts

	2014. EUR	2013. EUR
(23) Other loans	144 531	35 704
Total	144 531	35 704

Short-term debts

	2014. EUR	2013. EUR
(23) Other loans	7 145	26 995
Total	7 145	26 995

(27) Tax on profit (pustpone) or loss for the financial period

	2014. EUR	2013. EUR
	0	0
Total	0	0

(24) Trade and other payables

Current portion of	2014. EUR	2013. EUR
Trade and other payables the carrying amount of	179 266	245 023
Total	179 266	245 023

**Current portion of
By currencies :**

	2014. currency	EUR	EUR
EUR		179 266	94 093
Other		0	150 930
Total		179 266	245 023

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(25) Current portion of

	2014.	2013.
	EUR	EUR
Corporate income tax	0	0
Value-added tax	14 460	1 104
State social security contributions	16 914	14 862
Personal income tax	9 886	8 652
Business risk charge	24	23
Natural resource tax	38	40
Nekustamā īpašuma nodoklis	0	0
Total	41 322	24 681

(26) Current portion of

	2014.	2013.
	EUR	EUR
Wage debt	22 198	19 020
Total	22 198	19 020

(28) Accrued liabilities

	2014.	2013.
	EUR	EUR
Accrued discounts will be	0	0
Other	170 000	128 058
Total	170 000	128 058

(29) Number of employees

	2014.	2013.
The average number of persons employed by the company	68	64

(30) News about events after the balance sheet date

In the period since the last days before the reporting date is no significant events that could materially affect the results of the annual report.