Enterprise name ***RĪGAS FARMACEITISKĀ FABRIKA***

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	5

Address *Rīga , Duntes 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.March 2008

a/s "Rīgas Farmaceitiskā Fabrika"

reg. No 40003000765

Rīga , Duntes iela 16/22

BALANCE SHEET

for the period ended 31 march 2008

Period 01.01.2008. 31.03.2008.

(LB currency EUR rate = 0.702804)

ASSETS		Line code	The end of reporting period 2008.g. 01.01.-31.03. LVL	The end of reporting period 2008.g. 01.01.-31.03. EUR	The end of reporting period 2007.g. 01.01.-31.03. LVL	The end of reporting period 2007.g. 01.01.-31.03. EUR
1. Long - term investments						
I Intangible investments						
1 Research and development costs		10				
2 Concessions, patents, licenses, trade-marks and similar rights		20	15 058	21 426	18 012	25 629
3 Other intangible rights		21				
4 Intangible value of enterprise		30	-	-	-	-
5 Advance payments of intangible investments		40				
TOTALLY	**1**		**15058**	**21426**	**18012**	**25629**
II Fixed assets						
1 Lands, buildings, constructions and prennial plantations		60	371 755	528 960	287 832	409 548
2 Long-term leased fixed		70				
3 Technological equipment and machines		80	143 629	204 366	105 694	150 389
4 Other fixed assets and inventory		90	96 029	136 637	85 753	122 016
5 Forming of fixed assets and costs of unfinished objects of constructio		100				
6 Advance payments for fixed assets		110				
TOTALLY	**2**		**611413**	**869962**	**479279**	**681953**
III Long - term financial investments						
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			**626471**	**891388**	**497291**	**707581**
2. Current assets						
I Stocks						
1 Row materials, direct materials and auxiliary materials	**3**	230	267 691	380 890	223 378	317 838
2 Unfinished products	**4**	240	50 473	71 817	24 036	34 200
3 Complete products and goods for sale	**5**	250	67 353	95 835	-	-
4 Unfinished orders		260				
5 Advance payments for goods	**6**	270	12 712	18 088	63 728	90 677
6 Work animals and productive animals	**7**	280	50	71	50	71
TOTALLY			**398279**	**566700**	**311192**	**442786**
II Debtors						
1 Customers and client debts	**8**	300	210 718	299 825	216 473	308 013
2 Related companies debts		310	-		-	
3 Affiliated companies debts		320	-		-	
4 Other debts	**9**	330	341 240	485 541	331 124	471 147
5 Undeposited shares in business capital		340				
6 Short - term loans to joint owners and administration	**9**	350	102	145	68	97
7 Accrued income	**10**	360	12 065	17 167	10 819	15 394
TOTALLY			**564125**	**802678**	**558484**	**794651**
III Securities and participation in capitals						
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**
IV Cash assets (TOTAL)						
1 Cash assets	**11**	420	**10 696**	**15 219**	**7 455**	**10 608**
2. TOTALLY			**973100**	**1384597**	**877131**	**1248045**
BALANCE			**1599571**	**2275984**	**1374422**	**1955626**

LIABILITIES		Line code	The end of reporting period 2008.g. 01.01.- 31.03. LVL	The end of reporting period 2008.g. 01.01.- 31.03. EUR	The end of reporting period 2007.g. 01.01.- 31.03. LVL	The end of reporting period 2007.g. 01.01.- 31.03. EUR
1. Equity capital						
Equity capital						
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	671 992	956 158	465 927	662 954
9 Retained profit of the year of accountant		540	81 955	116 611	72 897	103 723
TOTALLY			**1445007**	**2056060**	**1229884**	**1749967**
1. TOTALLY			**1445007**	**2056060**	**1229884**	**1749967**
2. Stockpiles						
Stockpiles						
1 Reserves for pensions and similar obligations		560				
2 Reserve for prospective taxes	**13**	570	29 150	41 477	27 027	38 456
3 Other stockpiles	**13**	580	15 710	22 353	15 356	21 850
TOTALLY			**44860**	**63830**	**42383**	**60306**
2. TOTALLY			**44860**	**63830**	**42383**	**60306**
3. Creditors						
I Long - term debts						
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	-		5 039	7 170
12 Deferred income		710	-		-	
13 Dividends of the year of account		720	-		-	
14 Unpaid dividends of previous years		730	-		-	
TOTALLY			**0**	**0**	**5039**	**7170**
II Short - term debts						
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	73 524	104 615	70 350	100 099
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	22 419	31 899	13 687	19 475
11 Other creditors	**14**	850	13 761	19 580	13 079	18 610
12 Deferred income		860	-		-	
13 Dividends of the year of account		870	-		-	
14 Unpaid dividends of previous years		880	-		-	
TOTALLY			**109704**	**156095**	**97116**	**138184**
3. TOTALLY			**109704**	**156095**	**102155**	**145353**
BALANCE			**1599571**	**2275984**	**1374422**	**1955626**

a/s "Rīgas Farmaceitiskā Fabrika "

reg. No 40003000765

Rīga , Duntes iela 16/22

PROFIT OR LOSS STATEMENT

for the period ended 31 march 2008

Period 01.01.2008.

31.03.2008.

(LB currency EUR rate = 0.702804)

No	Special rate	Note	ROW	The end of reporting period 2008.g. 01.01.-31.03. LVL	The end of reporting period 2008.g. 01.01.-31.03. EUR	The end of reporting period 2007.g. 01.01.-31.03. LVL	The end of reporting period 2007.g. 01.01.-31.03. EUR
1.	Net turnover	**15**	10	**801050**	**1139791**	**765277**	**1088891**
2.	Cost of sales (prime cost)	**16**	20	-484135	-688862	-475474	-676539
3.	Gross profit or loss		30	316915	450929	289803	412353
4.	Sales Distribution costs:	**16**	40	-99919	-142172	-92319	-131358
5.	Administration costs	**16**	50	-127773	-181805	-114634	-163109
6.	Other operating income	**17**	60	1869	2659	459	653
7.	Other operating expenses	**18**	70	-2492	-3546	-4531	-6447
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	88600	126066	78778	112091
14.	Extraordinary income		140				
15.	Extraordinary charges		150				
16.	Profit or loss before tax	**19**	160	**88600**	**126066**	**78778**	**112091**
17.	Tax on profit or loss for the financial period	**20**	170	-6645	-9455	-5108	-7268
18	Tax on profit (pustpone) or loss for the financial period	**21**	170	0	0	0	0
19	Other taxes	**22**	180	0	0	-773	-1100
20	Profit or loss for the financial period	**23**	190	**81955**	**116611**	**72897**	**103723**

EPS k-t	0.124	0.176	0.11	0.16

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 5

Address **Rīga , Duntes iela 16/22**

Phone **7355550** Fax **7391790**

Unit: **LVL and EUR**

OVERWIEW OF EQUITY CAPITAL CHANGES

Period 01.01.2008. 31.03.2008.

(LB currency EUR rate = 0.702804)

	for the period ended 31 March 2008	The end of reporting period 2008.g. 01.01.-31.03. , LVL	The end of reporting period 2008.g. 01.01.-31.03. , EUR	The end of reporting period 2007.g. 01.01.-31.03. , LVL	The end of reporting period 2007.g. 01.01.-31.03. , EUR
1.	**Share capital**				
	Post-balance residue on: 01.01.2008.	663 000	943 364	663 000	943 364
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.03.2008.	663 000	943 364	663 000	943 364
2.	**Share premium**				
	Post-balance residue on: 01.01.2008.	0	0	0	0
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.03.2008.	0	0	0	0
3.	**Revaluation reserve of long-term investments**				
	Post-balance residue on: 01.01.2008.	0	0	0	0
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.03.2008.	0	0	0	0
4.	**Mandatory reserves**				
	Post-balance residue on: 01.01.2008.	0	0	0	0
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.03.2008.	0	0	0	0
5.	**Revaluation of own stocks of shares reserves**				
	Post-balance residue on: 01.01.2008.	0	0	0	0
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.03.2008.	0	0	0	0
6.	**Reserves determined by company statute**				
	Post-balance residue on: 01.01.2008.	0	0	0	0
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.03.2008.	0	0	0	0
7.	**Other reserves**				
	Post-balance residue on: 01.01.2008.	28 060	39 926	28 060	39 926
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 31.03.2008.	28 060	39 926	28 060	39 926
8.	**Retained profit**				
	Post-balance residue on: 01.01.2008.	671 992	956 158	465 927	662 954
	Post-balance residue on: 31.03.2008.	753 947	1 072 770	538 824	766 677
9.	**Equity capital (total)**				
	Post-balance residue on: 01.01.2008.	**1 363 052**	**1 939 448**	**1 156 987**	**1 646 244**
	Post-balance residue on: 31.03.2008.	**1 445 007**	**2 056 060**	**1 229 884**	**1 749 967**

a/s "Rīgas Farmaceitiskā Fabrika "

reg. No 40003000765

Rīga , Duntes iela 16/22

STATEMENT OF CASH FLOW

for the period ended 31 march 2008

Period 01.01.2008. 31.03.2008.

(LB currency EUR rate = 0.702804)

	Note No	The end of reporting period 2008.g. 01.01.-31.03. , LVL	The end of reporting period 2008.g. 01.01.-31.03. , EUR	The end of reporting period 2007.g. 01.01.-31.03. , LVL	The end of reporting period 2007.g. 01.01.-31.03. , EUR
CASH FLOW from operating activities					
Net profit (before enterprise income tax)		**88600**	**126066**	**78778**	**112091**
Corrections to adjust the profit of revision year to hard cash of economic activities :					
Depreciation of fixed assets and intangible investments		31528	44860	27234	38750
Profit or loss from sale of fixed assets and intangible investments		0	0	0	0
Expenditures per cent		0	0	0	0
Provisions fornon-used holidays		-2867	-4079	-2053	-2921
Other reserves		0	0	0	0
Debt expenditures of doubtful debtors		0	0	0	0
Incoming of next periods		0	0	0	0
The taxes to deduct from net profit (property tax)		0	0	-773	-1100
Paid enterprise income tax		-6645	-9455	-5108	-7268
The changes of the current assets and liabilities: .					
Provisions		-30935	-44017	-64644	-91980
Debts of customers and subscribers		38528	54820	85037	120997
Expenditures of next periods		-2778	-3953	-1430	-2035
Others debtors		-54700	-77831	-255000	-362832
Advance payments from customers		0	0	0	0
Debts to suppliers and contractors		-18050	-25683	-16350	-23264
Other creditors		-566	-805	-1476	-2100
Net cash provided by (used in) operating activities		**42115**	**59924**	**-155785**	**-221662**
CASH FLOW from investing activities					
Fixed assets purchase costs		-32905	-46820	-18561	-26410
Investment costs		0	0	0	0
Fixed assets selling income		0	0	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		**-32905**	**-46820**	**-18561**	**-26410**
CASH FLOW from financing activities					
Income from issue		0	0	0	0
Loans from credit institutions		0	0	0	0
Loans to creditirs		0	0	0	0
Payments for leasing liabilities		0	0	-1630	-2319
Other loans		0	0	179932	256020
Fixed assets investments		0	0	0	0
Cost of dividends		0	0	0	0
Net cash provided by (used in) financing activities		**0**	**0**	**178302**	**253701**
Net increase (decrease) in cash		**9210**	**13105**	**3956**	**5629**
Cash at the beginning of the year		**1486**	**2114**	**3499**	**4979**
Cash at the end of the year		**10696**	**15219**	**7455**	**10608**

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 2008 till 31 March 2008.
The company's accounting polices have not changed in comparison with the previous year.
The financial statements reporting period is not 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 2008	0	40 080 / 57 029	3 682 / 5 239	43 762 / 62 268
Additions	0	2 350 / 3 343	0	2 397 / 3 343
Disposals	0	0	0	0
Historical cost as of 31 March 2008	0	42 430 / 60 372	3 682 / 5 239	46 112 / 65 611
Accumulated depreciation before 2008	0	25 609 / 36 438	3 682 / 5 239	29 291 / 41 677
Excluded on disposal	0	0	0	0
Accumulated depreciation in 2008	0	1 763 / 2 508	0	1 763 / 2 508
Net book value as of 31 March 2008	0	15 058 / 21 426	0	15 058 / 21 426

2. FIXED ASSETS

	Land LVL / EUR	Buildings LVL / EUR	Equipment LVL / EUR	Computing equipment LVL / EUR	Other fixed assets LVL / EUR	Pending objects LVL / EUR	Total LVL / EUR
Historical cost as of 1 January 2008	67 473 / 96 005	425 435 / 605 339	590 440 / 840 120	27 480 / 39 101	219 486 / 312 301	0	1 330 314 / 1 892 866
Additions	0	0	27 563 / 39 219	151 / 215	2 840 / 4 041	0	30 554 / 43 475
Disposals	0	0	(221 035)/ (314 504)	0	(1 570)/ (2 234)	0	(222 605)/ (316 738)
Historical cost as of 31 March 2008	67 473 / 96 005	425 435 / 605 339	396 968 / 564 835	27 631 / 39 316	220 756 / 314 108	0	1 138 263 / 1 619 603
Accumulated depreciation before 2008	0	113 601 / 161 639	461 111 / 656 102	19 780 / 28 145	125 196 / 178 138	0	719 688 / 1 024 024
Accumulated depreciation in 2008	0	7 552 / 10 745	13 263 / 18 871	1 344 / 1 913	7 608 / 10 825	0	29 767 / 42 354
Excluded on disposal	0	0	(221 035)/ (314 504)	0	(1 570)/ (2 234)	0	(222 605)/ (316 738)
Net book value as of 31 March 2008	67 473 / 96 005	304 282 / 432 955	143 629 / 204 366	6 507 / 9 258	89 522 / 127 379	0	611 413 / 869 962

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 March 2008 LVL / EUR	As of 01 January 2008 LVL / EUR
VAT overpayment	135 668 / 193 038	143 489 / 204 166
Short-term loans to partners and employees	205 674 / 292 648	143 152 / 203 678
Total	341 342 / 485 686	286 641 / 407 853

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

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

10. DEFERRED EXPENSES

	As of 31 March 2008 LVL / EUR	As of 01 January 2008 LVL / EUR
Press subscription	563 / 801	516 / 734
Insurance	2 467 / 3 510	2 627 / 3 738
Other	9 035 / 12 856	6 145 / 8 744
Total	12 065 / 17 167	9 288 / 13 216

11. CASH

	As of 31 March 2008 LVL / EUR	As of 01 January 2008 LVL / EUR
Cash on hand	514 / 731	772 / 1 098
Current account with NORDEA BANKA (LVL)	5 502 / 7 829	57 / 81
Current account with HANSABANKA (LVL)	4 680 / 6 659	657 / 935
Current account with HANSABANKA (currency)	0	0
Total	10 696 / 15 219	1 486 / 2 114

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 March 2008 LVL / EUR	As of 01 January 2008 LVL / EUR
Due to suppliers	73 524 / 104 615	91 573 / 130 297
Advance from suppliers	0	0
Salary for December	13 761 / 19 580	13 995 / 19 913
Taxes and social security payment	17 603 / 25 047	17 935 / 25 519
Corporate income tax	4 816 / 6 852	4 816 / 6 852
Total	109 704 / 156 095	128 319 / 182 581

15. SALES

	LVL / EUR
Total sales	801 050 / 1 139 791
including : - operating income	791 783 / 1 126 605
- other operating expenses	9 267 / 13 186

16. SALES EXPENSES

Production expenses	484 135 / 688 862
Sales expenses	99 919 / 142 172
Administrative expenses	127 773 / 181 805
Total expenses	711 827 / 1 012 839

Profit for the year	89 223 / 126 952

17. OTHER OPERATING INCOME

Bank interest for application of funds from current account	3 / 4
Income from currency fluctuations	665 / 946
Other	1 201 / 1 709
Total	1 869 / 2 659

18. OTHER OPERATING EXPENSES

Expenses from currency fluctuations	35 / 50
Fines paid	13 / 18
Provisions for vacations	0
Donations	0
Other	2 444 / 3 478
Total expenses	2 492 / 3 546

19. PROFIT FOR THE YEAR	88 600 / 126 066

20. CORPORATE INCOME TAX (advance payments)	6 645 / 9 455
21. CORPORATE INCOME TAX /postpone/	0

22. OTHER TAXES	0

23. NET PROFIT	81 955 / 116 611

24. The average number of employees in 2008 was 79.

A/S "RĪGAS FARMACEITISKĀ FABRIKA"
GOVERNING BODY REPORT

JSC "Riga Pharmaceutical Plant" is situated in Riga, 16/22 Duntes street and 6 Maza Ozolu street. The enterprise is the largest producer of finite pharmaceuticals, medical plants and drugs in Latvia. The factory was registered in Latvian Commercial Register of Enterprises in 2004. The Company has the licence for opening (activity) of drug manufacturing enterprise and has successfully passed the GMP certificate, as well as ISO 14001 standard.

The main business course of the enterprise is devoted to the manufacturing of medicines, medical goods and food supplements. All the 89 kinds of produced medicines are being realized in Latvia.

In first 3 months of 2008 the enterprise turnover was 1 139 791 EUR (801 050 LVL), which is about 5 % more than in a corresponding period in 2007. The income of the enterprise in first 3 months of 2008 was 116 611 EUR (81 955 LVL), which is almost 5 % more than in a corresponding period of 2007.

In the reporting period the prices for the production units have been increased.

The government of JSC "Riga Pharmaceutical Plant" (later in the text - Enterprise) is responsible for the preparing of intermediate finance report. Intermediate reports of the enterprise are not being audited. This management report based on accountant abstracts and incoming documents is considered to provide real and true information about the assets, liabilities and the whole financial position of the enterprise.

The government of the enterprise is responsible for using a corresponding register system, for preservation of assets of the enterprise and for investigation and elimination of the deceptions and delusions committed by the enterprise. The government of the enterprise is also responsible for the observance of Latvian legislation.