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 *67355550 , 67355548* Fax *67391790*

The basic kind of activity: *manufacturing of medicines*

Unit: *LVL and EUR*

B A L A N C E

for the period ended 30.September 2010

a/s "Rīgas Farmaceitiskā Fabrika"

reg. No 40003000765

Rīga , Duntes iela 16/22

BALANCE SHEET

for the period ended 30 september 2010

Period 01.01.2010. 30.09.2010.

(LB currency EUR rate = 0.702804)

ASSETS		Line code	The end of reporting period 2010.g. 01.01.-30.09. LVL	The end of reporting period 2010.g. 01.01.-30.09. EUR	The end of reporting period 2009.g. 01.01.-30.09. LVL	The end of reporting period 2009.g. 01.01.-30.09. EUR
1. Long - term investments						
I Intangible investments						
1 Research and development costs		10				
2 Concessions, patents, licenses, trade-marks and similar rights		20	44 983	64 005	56 772	80 779
3 Other intangible rights		21				
4 Intangible value of enterprise		30	-	-	-	-
5 Advance payments of intangible investments		40				
TOTALLY	**1**		**44983**	**64005**	**56772**	**80779**
II Fixed assets						
1 Lands, buildings, constructions and prennial plantations		60	423 280	602 273	469 176	667 577
2 Long-term leased fixed		70				
3 Technological equipment and machines		80	157 888	224 654	189 429	269 533
4 Other fixed assets and inventory		90	42 113	59 921	66 923	95 223
5 Forming of fixed assets and costs of unfinished objects of constructio		100	-	-	-	-
6 Advance payments for fixed assets		110	-	-	-	-
TOTALLY	**2**		**623281**	**886849**	**725528**	**1032333**
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			**668264**	**950854**	**782300**	**1113113**
2. Current assets						
I Stocks						
1 Row materials, direct materials and auxiliary materials	**3**	230	238 095	338 779	236 424	336 401
2 Unfinished products	**4**	240	3 075	4 375	32 748	46 596
3 Complete products and goods for sale	**5**	250	108 706	154 675	97 842	139 217
4 Unfinished orders		260				
5 Advance payments for goods	**6**	270	14 344	20 410	26 352	37 496
6 Work animals and productive animals	**7**	280	150	213	150	213
TOTALLY			**364370**	**518452**	**393516**	**559923**
II Debtors						
1 Customers and client debts	**8**	300	230 996	328 678	104 198	148 260
2 Related companies debts		310	-		-	
3 Affiliated companies debts		320	-		-	
4 Other debts	**9**	330	91 786	130 600	284 162	404 326
5 Undeposited shares in business capital		340				
6 Short - term loans to joint owners and administration	**9**	350	28	40	1 090	1 551
7 Accrued income	**10**	360	4 264	6 067	8 158	11 608
TOTALLY			**327074**	**465384**	**397608**	**565745**
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	**9 287**	**13 214**	**443**	**630**
2. TOTALLY			**700731**	**997050**	**791567**	**1126298**
BALANCE			**1368995**	**1947904**	**1573867**	**2239411**

LIABILITIES		Line code	The end of reporting period 2010.g. 01.01.-30.09. LVL	The end of reporting period 2010g. 01.01.-30.09. EUR	The end of reporting period 2009.g. 01.01.-30.09. LVL	The end of reporting period 2009.g. 01.01.-30.09. 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
8 Retained profit of previous years		530	(216 484)	(308 029)	739 748	1 052 567
9 Retained profit of the year of accountant		540	67 075	95 439	58 102	82 672
TOTALLY			**513591**	**730774**	**1488910**	**2118528**
1. TOTALLY			**513591**	**730774**	**1488910**	**2118528**
2. Stockpiles						
Stockpiles						
1 Reserves for pensions and similar obligations		560				
2 Reserve for prospective taxes	**13**	570	41 829	59 517	36 103	51 370
3 Other stockpiles	**13**	580	12 200	17 359	(20 745)	(29 517)
TOTALLY			**54029**	**76876**	**15358**	**21852**
2. TOTALLY			**54029**	**76876**	**15358**	**21852**
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	-		-	
12 Deferred income		710	-		-	
13 Dividends of the year of account		720	-		-	
14 Unpaid dividends of previous years		730	-		-	
TOTALLY			**0**	**0**	**0**	**0**
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	773 139	1 100 078	63 474	90 315
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	15 736	22 390	(4 522)	(6 434)
11 Other creditors	**14**	850	12 500	17 786	10 647	15 149
12 Deferred income		860	-		-	
13 Dividends of the year of account		870	-		-	
14 Unpaid dividends of previous years		880	-		-	
TOTALLY			**801375**	**1140254**	**69599**	**99030**
3. TOTALLY			**801375**	**1140254**	**69599**	**99030**
BALANCE			**1368995**	**1947904**	**1573867**	**2239411**

a/s "Rīgas Farmaceitiskā Fabrika "

reg. No 40003000765

Rīga , Duntes iela 16/22

PROFIT OR LOSS STATEMENT

for the period ended 30 september 2010

Period 01.01.2010.

30.09.2010.

(LB currency EUR rate = 0.702804)

No	Special rate	Note	ROW	The end of reporting period 2010.g. 01.01.-31.12. LVL	The end of reporting period 2010.g. 01.01.-31.12. EUR	The end of reporting period 2009.g. 01.01.-31.12. LVL	The end of reporting period 2009.g. 01.01.-31.12. EUR
1.	Net turnover	**15**	10	**1370576**	**1950154**	**1531944**	**2179760**
2.	Cost of sales (prime cost)	**16**	20	-987970	-1405755	-896187	-1275159
3.	Gross profit or loss		30	382606	544399	635757	904601
4.	Sales Distribution costs:	**16**	40	-164360	-233863	-194492	-276737
5.	Administration costs	**16**	50	-143274	-203861	-249995	-355711
6.	Other operating income	**17**	60	687	978	1266	1801
7.	Other operating expenses	**18**	70	-6130	-8722	-118107	-168051
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	69529	98931	74429	105903
14.	Extraordinary income		140				
15.	Extraordinary charges		150				
16.	Profit or loss before tax	**19**	160	**69529**	**98931**	**74429**	**105903**
17.	Tax on profit or loss for the financial period	**20**	170	0	0	-13882	-19752
18	Tax on profit (pustpone) or loss for the financial period	**21**	170	0	0	0	0
19	Other taxes	**22**	180	-2454	-3492	-2445	-3479
20	Profit or loss for the financial period	**23**	190	**67075**	**95439**	**58102**	**82672**

EPS k-t	0.1012	0.1439	0.0876	0.1247

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 **67355550, 67355548** Fax **67391790**

Unit: **LVL and EUR**

OVERWIEW OF EQUITY CAPITAL CHANGES

Period 01.01.2010. 30.09.2010.

(LB currency EUR rate = 0.702804)

	for the period ended 30 september 2010	The end of reporting period 2010.g. 01.01.-30.09. , LVL	The end of reporting period 2010.g. 01.01.-30.09. , EUR	The end of reporting period 2009.g. 01.01.-30.09. , LVL	The end of reporting period 2009.g. 01.01.-30.09. , EUR
1.	**Share capital**				
	Post-balance residue on: 01.01.2010.	663 000	943 364	663 000	943 364
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 30.09.2010.	663 000	943 364	663 000	943 364
2.	**Share premium**				
	Post-balance residue on: 01.01.2010.	0	0	0	0
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 30.09.2010.	0	0	0	0
3.	**Revaluation reserve of long-term investments**				
	Post-balance residue on: 01.01.2010.	0	0	0	0
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 30.09.2010.	0	0	0	0
4.	**Mandatory reserves**				
	Post-balance residue on: 01.01.2010.	0	0	0	0
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 30.09.2010.	0	0	0	0
5.	**Revaluation of own stocks of shares reserves**				
	Post-balance residue on: 01.01.2010.	0	0	0	0
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 30.09.2010.	0	0	0	0
6.	**Reserves determined by company statute**				
	Post-balance residue on: 01.01.2010.	0	0	0	0
	Increase :	0	0	0	0
	Decrease :	0	0	0	0
	Post-balance residue on: 30.09.2010.	0	0	0	0
7.	**Other reserves**				
	Post-balance residue on: 01.01.2010.	28 060	39 926	28 060	39 926
	Increase :	0	0	0	0
	Decrease :	28060	39 926	0	0
	Post-balance residue on: 30.09.2010.	0	0	28 060	39 926
8.	**Retained profit**				
	Post-balance residue on: 01.01.2010.	-244 544	-347 955	739 748	1 052 567
	Post-balance residue on: 30.09.2010.	-149 409	-212 590	797 850	1 135 238
9.	**Equity capital (total)**				
	Post-balance residue on: 01.01.2010.	**446 516**	**635 335**	**1 430 808**	**2 035 856**
	Post-balance residue on: 30.09.2010.	**513 591**	**730 774**	**1 488 910**	**2 118 528**

a/s "Rīgas Farmaceitiskā Fabrika "

reg. No 40003000765

Rīga , Duntes iela 16/22

STATEMENT OF CASH FLOW

for the period ended 30 september 2010

Period 01.01.2010.

(LB currency EUR rate = 0.702804) 30.09.2010.

	Note No	The end of reporting period 2010.g. 01.01.-30.09. , LVL	The end of reporting period 2010.g. 01.01.-30.09. , EUR	The end of reporting period 2009.g. 01.01.-30.09. , LVL	The end of reporting period 2009.g. 01.01.-30.09. , EUR
CASH FLOW from operating activities					
Net profit (before enterprise income tax)		**69529**	**98931**	**74429**	**105903**
Corrections to adjust the profit of revision year to hard cash of economic activities :					
Depreciation of fixed assets and intangible investments		106572	151638	130122	185147
Profit or loss from sale of fixed assets and intangible investments		0	0	-6964	-9909
Expenditures per cent		0	0	0	0
Provisions fornon-used holidays		-1800	-2561	-45021	-64059
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)		-2454	-3492	-2445	-3479
Paid enterprise income tax		0	0	-13882	-19752
The changes of the current assets and liabilities: .					
Provisions		70932	100927	43266	61562
Debts of customers and subscribers		-31289	-44520	80710	114840
Expenditures of next periods		1650	2348	-1369	-1948
Others debtors		105839	150595	235545	335150
Advance payments from customers		-465000	-661635	0	0
Debts to suppliers and contractors		176065	250518	-425386	-605270
Other creditors		268	381	-12093	-17207
Net cash provided by (used in) operating activities		**30312**	**43130**	**56912**	**80978**
CASH FLOW from investing activities					
Fixed assets purchase costs		-32707	-46538	-57272	-81491
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		**-32707**	**-46538**	**-57272**	**-81491**
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	0	0
Other loans		0	0	0	0
Fixed assets investments		0	0	0	0
Cost of dividends		0	0	0	0
Net cash provided by (used in) financing activities		**0**	**0**	**0**	**0**
Net increase (decrease) in cash		**-2395**	**-3408**	**-360**	**-512**
Cash at the beginning of the year		**11682**	**16622**	**803**	**1143**
Cash at the end of the year		**9287**	**13214**	**443**	**630**

A/S " RĪGAS FARMACEITISKĀ FABRIKA "

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 September 2010

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 01 January 2010 till 30 September 2010.
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 2010	0	94 152 / 133 966	3 682 / 5 239	97 834 / 139 205
Additions	0	4 742 / 6 747	0	4 742 / 6 747
Disposals	0	1 400 / 1 992	0	1 400 / 1 992
Historical cost as of 30 September 2010	0	97 494 / 138 721	3 682 / 5 239	101 176 / 143 960
Accumulated depreciation before 2010	0	43 269 / 61 566	3 682 / 5 239	46 951 / 66 805
Excluded on disposal	0	0	0	0
Accumulated depreciation in 2010	0	9 242 / 13 150	0	9 242 / 13 150
Net book value as of 30 September 2010	0	44 983 / 64 005	0	44 983 / 64 005

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 2010	67 473 / 96 005	581 600 / 827 542	502 305 / 714 715	30 735 / 43 731	222 166 / 316 115	0	1 404 279 / 1 998 108
Additions	0	0	28 775 / 40 943	0	590 / 839	0	29 365 / 41 782
Disposals	0	0	0	0	171 / 243	0	171 / 243
Historical cost as of 30 September 2010	67 473 / 96 005	581 600 / 827 542	531 080 / 755 658	30 735 / 43 731	222 585 / 316 711	0	1 433 473 / 2 039 647
Accumulated depreciation before 2010	0	191 372 / 272 298	327 439/ 465 904	27 852 / 39 630	166 370 / 236 723	0	713 033 / 1 014 555
Accumulated depreciation in 2010	0	34 421 / 48 976	45 753 / 65 100	303 / 431	16 853 / 23 980	0	97 330 / 138 488
Excluded on disposal	0	0	0	0	171 / 243	0	171 / 243
Net book value as of 30 September 2010	67 473 / 96 005	355 807 / 506 268	157 888 / 224 654	2 580 / 3 670	39 533 / 56 251	0	623 281 / 886 849

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

Advance payments for following period expenses connected with real estate, amounts for raw and ancillary materials as well as advance payments for fixed assets are presented in advance payments.

7. Work animals – guard dog.

8. ACCOUNTS RECEIVABLE

All accounts receivable are short-term.

9. OTHER DEBTORS

	As of 30 September 2010 LVL / EUR	As of 01 January 2010 LVL / EUR
Corporate income tax overpayment	44 971 / 63 988	44 971 / 63 988
VAT overpayment	46 815 / 66 612	152 477 /216 955
Other income overpayment	0 / 0	0 / 0
Short-term loans to partners and employees	28 / 40	205 / 292
Total	91 814 / 130 640	197 653 / 281 235

VAT overpayment and corporate income tax overpayment amount has been used to cover VAT and other taxes for 2010.Year.

10. DEFERRED EXPENSES

	As of 30 September 2010 LVL / EUR	As of 01 January 2010 LVL / EUR
Press subscription	76 / 108	479 / 682
Insurance	369 / 525	1 875 / 2 668
Other	3 819 / 5 434	3 560 / 5 065
Total	4 264 / 6 067	5 914 / 8 415

11. CASH

	As of 30 September 2010 LVL / EUR	As of 01 January 2010 LVL / EUR
Cash on hand	377 / 536	847 / 1 205
Current account with NORDEA BANKA (LVL)	8 475 / 12 059	8 857 / 12 602
Current account with HANSABANKA (LVL)	435 / 619	1 978 / 2 815
Current account with HANSABANKA (currency)	0	0
Total	9 287 / 13 214	11 682 / 16 622

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 30 September 2010 LVL / EUR	As of 01 January 2010 LVL / EUR
Customer s advanced payments	0 / 0	465 000 / 661 635
Debtor overpayment	573 826 / 816 481	263 793 / 375 344
Due to suppliers	199 313 / 283 597	333 280 / 474 215
Salary for December	12 500 / 17 786	13 455 / 19 145
Taxes and social security payment	15 736 / 22 390	14 513 / 20 650
Corporate income tax	0 / 0	0 / 0
Total	801 375 / 1 140 254	1 090 041 / 1 550 989

15. SALES

	LVL / EUR
Total sales	1 370 576 / 1 950 154
including : - operating income	1 318 856 / 1 876 563
- other operating expenses	51 720 / 73 591

16. SALES EXPENSES

Production expenses	987 970 / 1 405 755
Sales expenses	164 360 / 233 863
Administrative expenses	143 274 / 203 861
Total expenses	1 295 604 / 1 843 479

Profit or Loss for the year	74 972 / 106 675

17. OTHER OPERATING INCOME

Bank interest for application of funds from current account	0 / 0
Income from currency fluctuations	418 / 595
Other	269 / 383
Total	687 / 978

18. OTHER OPERATING EXPENSES

Interest payments (leasing)	1 037 / 1 476
Expenses from currency fluctuations	4 129 / 5 875
Fines paid	3 / 4
Provisions for vacations	0 / 0
Donations	3 / 4
Previous periods expenses that are included in current statement	0 / 0
Other	958 / 1 363
Total expenses	6 130 / 8 722

19. PROFIT OR LOSS FOR THE YEAR BEFORE TAX	69 529 / 98 931

20. CORPORATE INCOME TAX (advance payments)	0 / 0
21. CORPORATE INCOME TAX /postpone/	0 / 0

22. OTHER TAXES	2 454 / 3 492

23. NET PROFIT OR LOSS	67 075 / 95 439

24. The average number of employees in 2010 was 61.

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.

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

In first 9 months of 2010 the enterprise turnover was 1 950 154 EUR (1 370 576 LVL), which is about 10,6 % less than in a corresponding period in 2009. The income of the enterprise in first 9 months of 2010 was 95 439 EUR (67 075 LVL), which is more than in a corresponding period of 2009.

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.