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 2008

a/s "Rīgas Farmaceitiskā Fabrika"

reg. No 40003000765

Rīga , Duntes iela 16/22

BALANCE SHEET

for the period ended 30 september 2008

Period 01.01.2008. 30.09.2008.

(LB currency EUR rate = 0.702804)

ASSETS		Line code	The end of reporting period 2008.g. 01.01.-30.09. LVL	The end of reporting period 2008.g. 01.01.-30.09. EUR	The end of reporting period 2007.g. 01.01.-30.09. LVL	The end of reporting period 2007.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	26 928	38 315	15 608	22 208
3 Other intangible rights		21				
4 Intangible value of enterprise		30	-	-	-	-
5 Advance payments of intangible investments		40				
TOTALLY	**1**		**26928**	**38315**	**15608**	**22208**
II Fixed assets						
1 Lands, buildings, constructions and prennial plantations		60	382 409	544 119	341 293	485 616
2 Long-term leased fixed		70				
3 Technological equipment and machines		80	121 405	172 744	105 697	150 393
4 Other fixed assets and inventory		90	95 894	136 445	87 004	123 796
5 Forming of fixed assets and costs of unfinished objects of constructio		100	110 170	156 758		
6 Advance payments for fixed assets		110	77 259	109 930		
TOTALLY	**2**		**787137**	**1119995**	**533994**	**759805**
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			**814065**	**1158310**	**549602**	**782013**
2. Current assets						
I Stocks						
1 Row materials, direct materials and auxiliary materials	**3**	230	314 221	447 096	252 748	359 628
2 Unfinished products	**4**	240	57 553	81 891	27 722	39 445
3 Complete products and goods for sale	**5**	250	53 718	76 434	-	-
4 Unfinished orders		260				
5 Advance payments for goods	**6**	270	1 346	1 915	65 152	92 703
6 Work animals and productive animals	**7**	280	150	213	50	71
TOTALLY			**426988**	**607549**	**345672**	**491847**
II Debtors						
1 Customers and client debts	**8**	300	(342 442)	(487 251)	1 814	2 581
2 Related companies debts		310	-		-	
3 Affiliated companies debts		320	-		-	
4 Other debts	**9**	330	634 759	903 181	431 124	613 434
5 Undeposited shares in business capital		340				
6 Short - term loans to joint owners and administration	**9**	350	1 204	1 713	195	277
7 Accrued income	**10**	360	13 128	18 679	13 309	18 937
TOTALLY			**306649**	**436322**	**446442**	**635230**
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	**16 459**	**23 419**	**12 233**	**17 406**
2. TOTALLY			**750096**	**1067290**	**804347**	**1144483**
BALANCE			**1564161**	**2225601**	**1353949**	**1926496**

LIABILITIES		Line code	The end of reporting period 2008.g. 01.01.-30.09. LVL	The end of reporting period 2008.g. 01.01.-30.09. EUR	The end of reporting period 2007.g. 01.01.-30.09. LVL	The end of reporting period 2007.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	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	123 180	175 269	193 931	275 939
TOTALLY			**1486232**	**2114718**	**1350918**	**1922183**
1. TOTALLY			**1486232**	**2114718**	**1350918**	**1922183**
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	(12 861)	(18 300)	(13 400)	(19 066)
TOTALLY			**16289**	**23177**	**13627**	**19389**
2. TOTALLY			**16289**	**23177**	**13627**	**19389**
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	21 921	31 191	8 528	12 134
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	21 553	30 667	(33 412)	(47 541)
11 Other creditors	**14**	850	18 166	25 848	14 288	20 330
12 Deferred income		860	-		-	
13 Dividends of the year of account		870	-		-	
14 Unpaid dividends of previous years		880	-		-	
TOTALLY			**61640**	**87706**	**-10596**	**-15077**
3. TOTALLY			**61640**	**87706**	**-10596**	**-15077**
BALANCE			**1564161**	**2225601**	**1353949**	**1926496**

a/s "Rīgas Farmaceitiskā Fabrika "

reg. No 40003000765

Rīga , Duntes iela 16/22

PROFIT OR LOSS STATEMENT

for the period ended 30 september 2008

Period 01.01.2008.

30.09.2008.

(LB currency EUR rate = 0.702804)

No	Special rate	Note	ROW	The end of reporting period 2008.g. 01.01.-31.12. LVL	The end of reporting period 2008.g. 01.01.-31.12. EUR	The end of reporting period 2007.g. 01.01.-31.12. LVL	The end of reporting period 2007g. 01.01.-31.12. EUR
1.	Net turnover	**15**	10	**1655332**	**2355325**	**1540178**	**2191476**
2.	Cost of sales (prime cost)	**16**	20	-999227	-1421772	-905762	-1288783
3.	Gross profit or loss		30	656105	933553	634416	902693
4.	Sales Distribution costs:	**16**	40	-218131	-310372	-175864	-250232
5.	Administration costs	**16**	50	-274757	-390944	-218374	-310718
6.	Other operating income	**17**	60	2589	3684	1430	2035
7.	Other operating expenses	**18**	70	-10703	-15229	-25375	-36105
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	155103	220692	216233	307672
14.	Extraordinary income		140				
15.	Extraordinary charges		150				
16.	Profit or loss before tax	**19**	160	**155103**	**220692**	**216233**	**307672**
17.	Tax on profit or loss for the financial period	**20**	170	-29351	-41763	-19168	-27274
18	Tax on profit (pustpone) or loss for the financial period	**21**	170	0	0	0	0
19	Other taxes	**22**	180	-2572	-3660	-3134	-4459
20	Profit or loss for the financial period	**23**	190	**123180**	**175269**	**193931**	**275939**

EPS k-t	0.1858	0.2644	0.2925	0.4162

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. 30.09.2008.

(LB currency EUR rate = 0.702804)

for the period ended 30 september 2008

		The end of reporting period 2008.g. 01.01.-30.09. , LVL	The end of reporting period 2008.g. 01.01.-30.09. , EUR	The end of reporting period 2007.g. 01.01.-30.09. , LVL	The end of reporting period 2007.g. 01.01.-30.09. , 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: 30.09.2008.	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: 30.09.2008.	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: 30.09.2008.	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: 30.09.2008.	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: 30.09.2008.	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: 30.09.2008.	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: 30.09.2008.	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: 30.09.2008.	795 172	1 131 428	659 858	938 893
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: 30.09.2008.	**1 486 232**	**2 114 718**	**1 350 918**	**1 922 183**

a/s "Rīgas Farmaceitiskā Fabrika "

reg. No 40003000765

Rīga , Duntes iela 16/22

STATEMENT OF CASH FLOW

for the period ended 30 september 2008

Period 01.01.2008.

(LB currency EUR rate = 0.702804) 30.09.2008.

	Note No	The end of reporting period 2008.g. 01.01.-30.09. , LVL	The end of reporting period 2008.g. 01.01.-30.09. , EUR	The end of reporting period 2007.g. 01.01.-30.09. , LVL	The end of reporting period 2007.g. 01.01.-30.09. , EUR
CASH FLOW from operating activities					
Net profit (before enterprise income tax)		**155103**	**220692**	**216233**	**307672**
Corrections to adjust the profit of revision year to hard cash of economic activities :					
Depreciation of fixed assets and intangible investments		95963	136543	85007	120954
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		-31439	-44734	-30810	-43839
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)		-2572	-3660	-3134	-4459
Paid enterprise income tax		-29351	-41763	-19168	-27274
The changes of the current assets and liabilities: .					
Provisions		591688	841896	50557	71936
Debts of customers and subscribers		-59645	-84867	150015	213452
Expenditures of next periods		-3841	-5465	-3920	-5578
Others debtors		-349321	-497039	-355000	-505119
Advance payments from customers		0	0	0	0
Debts to suppliers and contractors		-69652	-99106	-78172	-111229
Other creditors		2973	4230	-47366	-67396
Net cash provided by (used in) operating activities		**299906**	**426728**	**-35758**	**-50879**
CASH FLOW from investing activities					
Fixed assets purchase costs		-284933	-405423	-128644	-183044
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		**-284933**	**-405423**	**-128644**	**-183044**
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	-6669	-9489
Other loans		0	0	179805	255839
Fixed assets investments		0	0	0	0
Cost of dividends		0	0	0	0
Net cash provided by (used in) financing activities		**0**	**0**	**173136**	**246350**
Net increase (decrease) in cash		**14973**	**21305**	**8734**	**12427**
Cash at the beginning of the year		**1486**	**2114**	**3499**	**4979**
Cash at the end of the year		**16459**	**23419**	**12233**	**17406**

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 30.September 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	17 748 / 25 253	0	17 748 / 25 253
Disposals	0	0	0	0
Historical cost as of 30 September 2008	0	57 828 / 82 282	3 682 / 5 239	61 510 / 87 521
Accumulated depreciation before 2008	0	25 609 / 36 439	3 682 / 5 239	29 291 / 41 678
Excluded on disposal	0	0	0	0
Accumulated depreciation in 2008	0	5 291 / 7 528	0	5 291 / 7 528
Net book value as of 30 September 2008	0	26 928 / 38 315	0	26 928 / 38 315

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 / 39 100	219 486 / 312 301	0	1 330 314 / 1 892 866
Additions	0	26 640 / 37 907	33 122 / 47 128	4 830 / 6 872	15 163 / 21 575	187 429/ 266 688	267 184 / 380 170
Disposals	0	0	(221 035)/ (314 505)	(1 316)/ (1 872)	(1 841)/ (2 619)	0	(224 192)/ (318 997)
Historical cost as of 30 September 2008	67 473 / 96 005	452 075 / 643 246	402 527 / 572 743	30 994 / 44 100	232 808 / 331 257	187 429/ 266 68	1 373 306 / 1 954 039
Accumulated depreciation before 2008	0	113 601 / 161 639	461 111 / 656 102	19 780 / 28 145	125 196 / 178 139	0	719 688 / 1 024 025
Accumulated depreciation in 2008	0	23 538 / 33 493	41 046 / 58 402	4 000 / 5 690	22 089 / 31 430	0	90 673 / 129 016
Excluded on disposal	0	0	(221 035)/ (314 505)	(1 316)/ (1 872)	(1 841)/ (2 619)	0	(224 192)/ (318 997)
Net book value as of 30 September 2008	67 473 / 96 005	314 936 / 448 114	121 405 / 172 744	8 530 / 12 137	87 364 / 124 307	187 429/ 266 68	787 137 / 1 119 995

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 dogs.

8. ACCOUNTS RECEIVABLE

All accounts receivable are short-term.

9. OTHER DEBTORS

	As of 30 September 2008 LVL / EUR	As of 01 January 2008 LVL / EUR
VAT overpayment	172 687 / 245 712	143 489 / 204 166
Short-term loans to partners and employees	463 276 / 659 182	143 152 / 203 678
Total	635 963 / 904 894	286 641 / 407 853

VAT overpayment amount has been used to cover VAT and other taxes for 2008-2009. Year.

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

10. DEFERRED EXPENSES

	As of 30 September 2008 LVL / EUR	As of 01 January 2008 LVL / EUR
Press subscription	665 / 946	516 / 734
Insurance	2 848 / 4 052	2 627 / 3 738
Other	9 615 / 13 681	6 145 / 8 744
Total	13 128 / 18 679	9 288 / 13 216

11. CASH

	As of 30 September 2008 LVL / EUR	As of 01 January 2008 LVL / EUR
Cash on hand	1 499 / 2 133	772 / 1 098
Current account with NORDEA BANKA (LVL)	6 008 / 8 549	57 / 81
Current account with HANSABANKA (LVL)	4 120 / 5 862	657 / 935
Current account with HANSABANKA (currency)	4 832 / 6 875	0
Total	16 459 / 23 419	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 30 September 2008 LVL / EUR	As of 01 January 2008 LVL / EUR
Due to suppliers	21 921 / 31 191	91 573 / 130 297
Advance from suppliers	0	0
Salary for December	18 166 / 25 848	13 995 / 19 913
Taxes and social security payment	21 553 / 30 667	17 935 / 25 519
Corporate income tax	0 / 0	4 816 / 6 852
Total	61 640 / 87 706	128 319 / 182 581

15. SALES

	LVL / EUR
Total sales	1 655 332 / 2 355 325
including : - operating income	1 615 323 / 2 298 397
- other operating expenses	40 009 / 56 928

16. SALES EXPENSES

Production expenses	999 227 / 1 421 772
Sales expenses	218 131 / 310 372
Administrative expenses	274 757 / 390 944
Total expenses	1 492 115 / 2 123 088

Profit for the year	163 217 / 232 237

17. OTHER OPERATING INCOME

Bank interest for application of funds from current account	14 / 20
Income from currency fluctuations	1 230 / 1 750
Other	1 345 / 1 914
Total	2 589 / 3 684

18. OTHER OPERATING EXPENSES

Expenses from currency fluctuations	1 392 / 1 981
Fines paid	35 / 50
Provisions for vacations	0
Donations	0
Other	9 276 / 13 198
Total expenses	10 703 / 15 229

19. PROFIT FOR THE YEAR	155 103 / 220 692

20. CORPORATE INCOME TAX (advance payments)	29 351 / 41 763
21. CORPORATE INCOME TAX /postpone/	0

22. OTHER TAXES	2 572 / 3 660

23. NET PROFIT	123 180 / 175 269

24. The average number of employees in 2008 was 78.

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 9 months of 2008 the enterprise turnover was 2 355 325 EUR (1 655 332 LVL), which is about 7 % more than in a corresponding period in 2007. The income of the enterprise in first 9 months of 2008 was 175 269 EUR (123 180 LVL), which is a little smaller than in a corresponding period of 2007.

In the reporting period the prices for the production units have been increased – at the beginning of year on 01. February and at the reporting period ended on 01.September.

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.

JSC managing board is responsible for the short forms of financial statements which would meet the requirements of valid laws and regulations, and would provide veritable and clear perceptions of JSC assets, passive stocks, the whole financial situation, income or losses, as well as is responsible for JSC managing board interim report containing true and real information.