

**JOINT STOCK COMPANY OLAINFARM**  
(UNIFIED REGISTRATION NUMBER 40003007246)  
**CONSOLIDATED ANNUAL REPORT**  
**FOR THE PERIOD ENDED 31 MARCH 2009**  
PREPARED IN ACCORDANCE WITH  
INTERNATIONAL FINANCIAL REPORTING STANDARDS

**Olaine, 2009**

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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	40003007246 Riga, 10 June 1991 (re-registered on 27 March 1997)
Registered office	Rūpnīcu iela 5 Olaine, Latvia, LV-2114
Major shareholders	SIA Olmafarm (42.56 %) Rūpnīcu iela 5 Olaine, Latvia, LV-2114  Juris Savickis (26.17 %)
Board	Valērijs Maligins, Chairman of the Board (President) <i>Positions held in other companies:</i> SIA Aroma, Chairman of the Board, SIA Olmafarm, Chairman of the Board, SIA New Classic, Board Member (resigned on 08/08/2008) <i>Participation in other companies:</i> Non-governmental organisation Latvian Academic Library Foundation, Nature Restoration Foundation, SIA Vega MS (60%), SIA Briz (51%), SIA Olfa Press (45%), SIA Carbochem (50%), SIA Aroma (100%), SIA Olmafarm (100%).  Jeļena Borcova, Board Member <i>Positions held in other companies:</i> SIA Carbochem – Board Member <i>Participation in other companies:</i> none  Jurijs Kaplinovs <i>Participation in other companies:</i> none  Inga Liščika <i>Participation in other companies:</i> none  Vjačeslavs Kuļikovs (appointed on 01/10/2008) <i>Participation in other companies:</i> none

Council	<p>Juris Savickis, Chairman of the Council  <i>Positions held in other companies:</i>  The Latvian Tennis Union (unregistered office),  AS Sibur Itera, Chairman of the Council,  AS Latvijas Gāze, Deputy Chairman of the Council,,  SIA Itera Latvija, Chairman of the Board,  AS Nordeka, Chairman of the Council,  SIA Islande Hotel, Board Member,  <i>Participation in other companies:</i>  SIA Islande Hotel (75.31%),  SIA Energo SG (50%),  SIA Nordeka Serviss (100%),  SIA Palasta nami (100%),  SIA Elssa-SIA (55%),  Company of apartment owners' Četri pluss (20%),  AS Latvijas Krājbanka (1.02%),  SIA Bobrova nams (28.75%),  AS Nordeka (48.09%),  Tennis club Prezidents,  SIA Blūza klubs (50%),  SIA Ajura (50%),  SIA SWH Sets (15.29%),  SIA Babbord (33%),  AS Dinamo Rīga (9.76%),  AS VEF banka (9.99%).</p> <p>Eļena Dudko, Deputy Chairperson of the Council (appointed on 11/04/2008)  <i>Positions held and participation in other companies:</i> none</p> <p>Aleksandrs Raicis  <i>Positions held in other companies:</i>  Latvian Pharmaceutical Wholesalers Association  <i>Participation in other companies:</i>  SIA VIP Pharma (50%),  SIA Reclusus(30%).</p>		
Movements in the Board during the period 1 January 2009 through 31 March 2009	none		
Movements in the Council during the period 1 January 2009 through 31 March 2009	Rolands Klincis (resigned 26.01.2009.)		
Subsidiaries	SIA Reinolds (100%) Dzegužu iela 1/2, LV-1007, from 26/08/2008		
Core business activity	Manufacturing and distribution of chemical and pharmaceutical products		
Financial year	1 January – 31 March 2009		
Auditors	<table border="0"> <tr> <td style="vertical-align: top;">Diāna Krišjāne Certified Auditor Certificate No. 124</td> <td style="vertical-align: top;">SIA Ernst &amp; Young Baltic Muitas iela 1, Riga Latvia, LV – 1010 Licence No. 17</td> </tr> </table>	Diāna Krišjāne Certified Auditor Certificate No. 124	SIA Ernst & Young Baltic Muitas iela 1, Riga Latvia, LV – 1010 Licence No. 17
Diāna Krišjāne Certified Auditor Certificate No. 124	SIA Ernst & Young Baltic Muitas iela 1, Riga Latvia, LV – 1010 Licence No. 17		

## MANAGEMENT REPORT

### General information

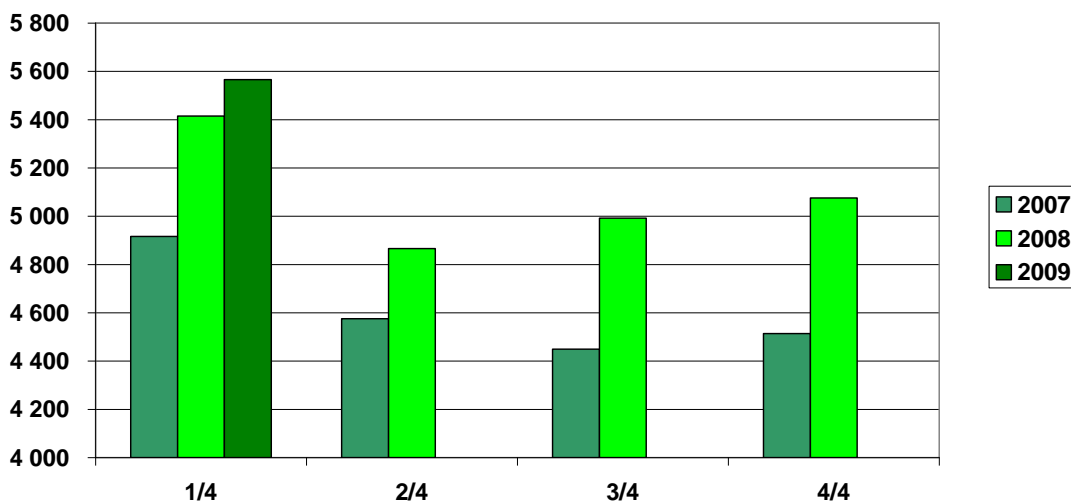
During the reporting period no changes have occurred to the composition of the Concern and it consisted from the parent company JSC „Olainfarm” and its daughter company SIA „Reinolds” which owns several patents related to the new products.

Concern is one of the biggest companies in the Baltic States with more than 35 years of experience in production of medicines and chemical and pharmaceutical products. The basic principle of Concern’s operations is to produce reliable and effective top quality products for Latvia and the rest of the world. Currently the products of Concern are being exported to more than 30 countries worldwide, including the Baltics, Russia, CIS, Scandinavian and other Western European countries, Asia and the USA.

### Financial results

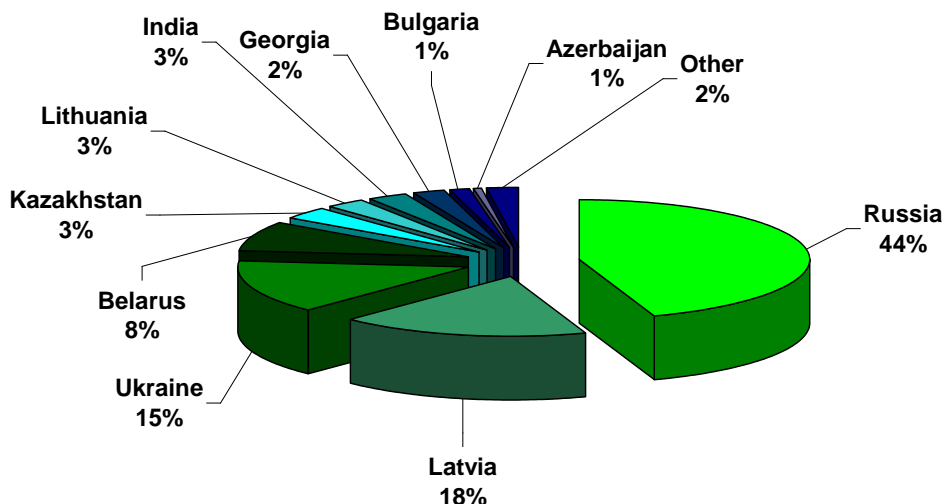
Sales of the Concern during the 1st quarter of 2009 increased to 5 566 223 lats (7 920 022 Euro), i.e., by 3% compared to the similar period of 2008.

### Consolidated sales by quarters, thsnd. LVL



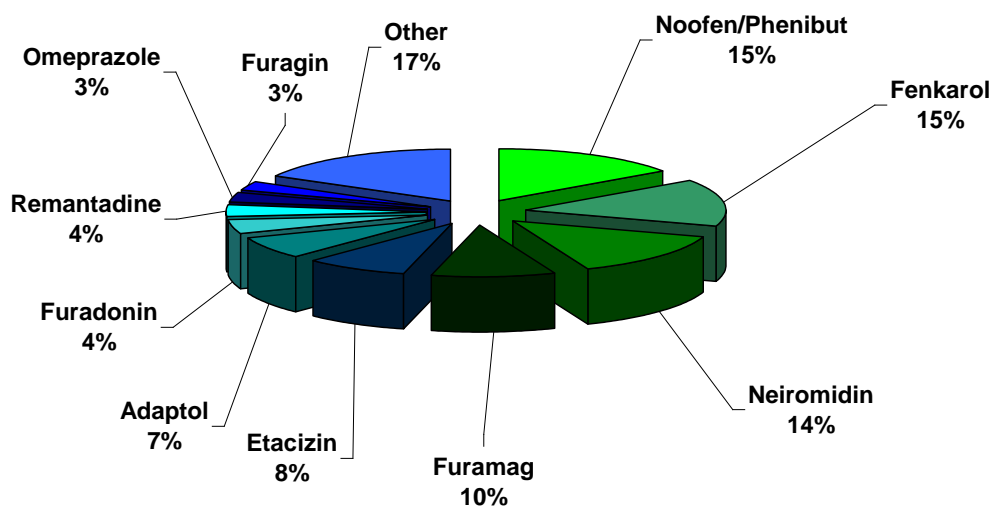
During the 1st quarter of 2009 sales to markets where marketing effort has been strengthened continued increasing. Sales to Russia grew by 49%, to Latvia by 27%, to Georgia by 97%, to Moldova by 39%, Azerbaijan by 219%. Countries like Ukraine, Belarus and Kazakhstan, where significant devaluations of local currencies have taken place during the last few months, despite the decrease of local purchasing power, the sales remained nearly unchanged.

### Sales of 1st quarter 2009 by countries



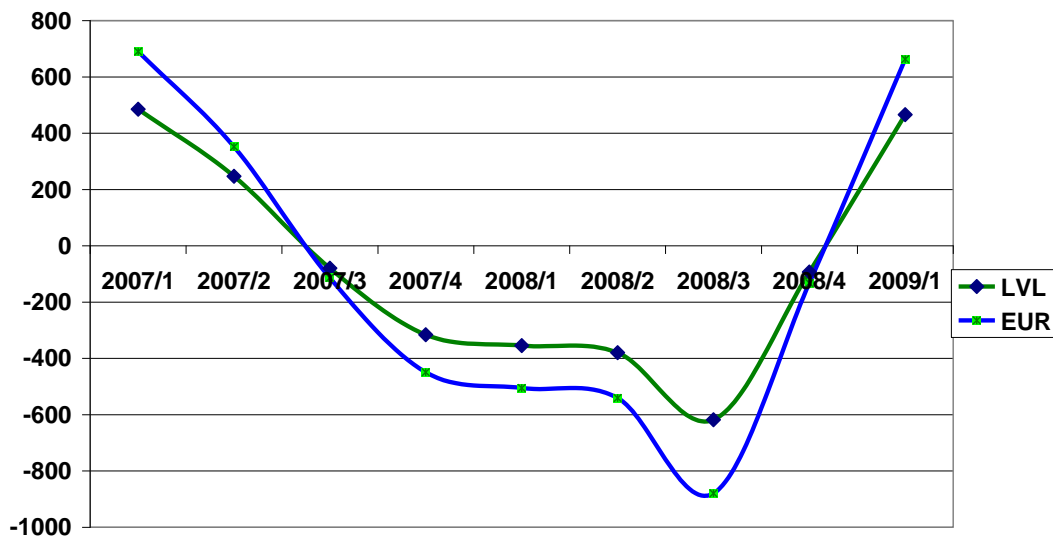
In 2008 concern invested considerable amount of resources into marketing and sales promotion in several of its key markets. First returns of such investments became apparent at the end of 2008, when despite the first signs of global economic downturn and currency devaluations in several countries concern's sales growth kept the same pace, with sales of branded products, most profitable for the concern, increasing particularly fast. Such a trend remained for effective for the 1st quarter of 2009. The chart given below indicates that 4 best sold products are promoted ones. It must be noted that growth in sales of other products has been rather good too, as portfolio remains well diversified and even two best sold products combined make up no more than 30% of total sales.

### Sales of 1st quarter of 2009 by products



In 1st quarter of 2009 Concern continued investing significant resources into sales promotion as these investments provide increasing returns in terms of both, sales increase and profitability increase. These returns combines with other actions taken by the Concern and targeted at cost cutting have allowed the concern to end the 6 quarters long period of loss making and produce the net profit of 466 thousand lats (663 thousand euros) during the 1st quarter of 2009.

### Profit by quarters, thsnd LVL and EUR

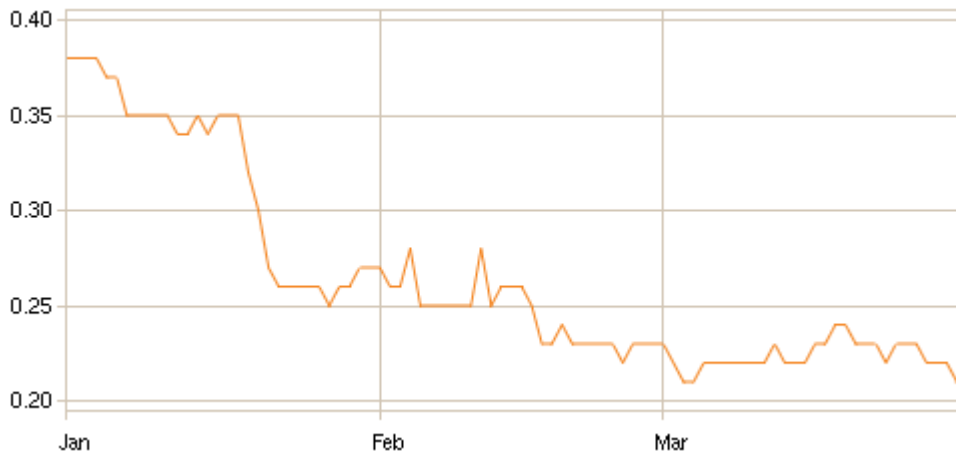


The above mentioned improvements in sales and margins have also influenced the levels of EBIT and EBITDA. For the first quarter of 2009 EBIT was 577 145 lats (821 203 euros), while during the same period of 2008 it was negative -195 984 lats (278 860 euros). EBITDA too was performing well in the first quarter of 2009 when it nearly tripled to 1 204 787 lats (1 714 257 euros).

Main financial indicators	31.03.2009.	31.03.2008.	% to the previous period
Net sales (LVL)	5 566 223	5 415 316	103%
Net profit (LVL)	465 713	-355 444	NA
EBITDA (LVL)	1 204 787	417 587	289%
EBIT (LVL)	577 145	-195 984	NA
Net sales (EUR)	7 920 022	7 705 300	103%
Net profit (EUR)	662 650	-505 751	NA
EBITDA (EUR)	1 714 257	594 173	289%
EBIT (EUR)	821 203	-278 860	NA
EBITDA margin	22	8	
Net margin	8,4	-7	
EBIT margin	10	-4	
ROA (for quarter)	1,4	-1,2	
ROE (for quarter)	3,1	-2,2	
EPS, LVL (for quarter)	0,033	-0,03	NA
EPS, EUR (for quarter)	0,047	-0,04	NA

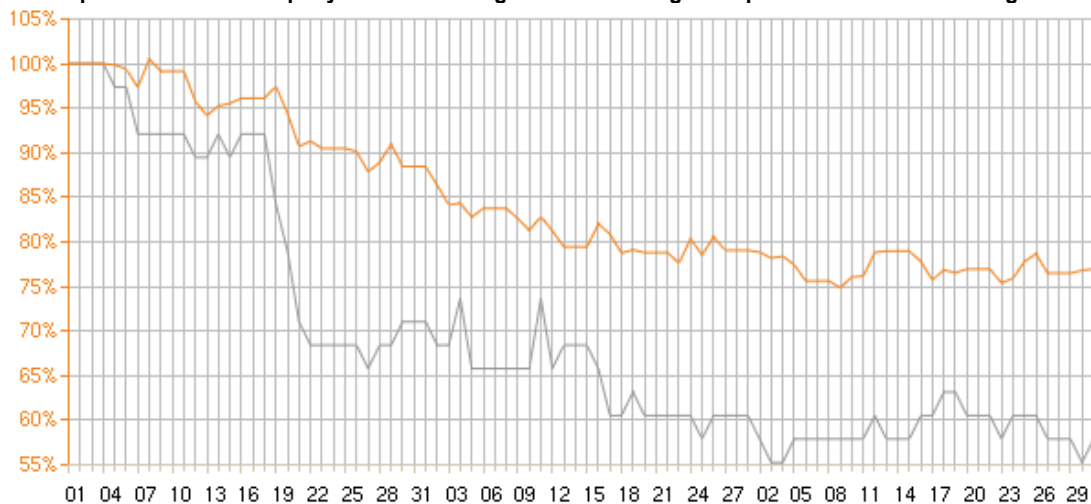
Stabilization of financial indicators has also facilitated the stabilization of the share price of the share price on NASDAQ OMX Riga Stock Exchange, especially during the second half of the quarter.

Price of share of Parent Company on Riga Stock Exchange (Q1, 2009)



It must be noted, however, that despite certain stabilization of the share price Olainfarm's share price was still falling sharper than the OMX Riga Index, as is shown in the chart below.

Rebased price of Parent Company's shares on Riga Stock Exchange compared to rebased OMX Riga Index (Q1, 2009)



-- OMR Riga  
 -- Olainfarm

#### Events after the end of the reporting period

Preliminary sales figures for 4 months show that the pace of sales and profitability increase remains at the level of 1st quarter. In some countries the sales performance has improved even further. For example, sales to Belarus in 4 months have increased by 12% compared to the same period last year. Because of considerable investments into sales promotion company is very closely watching the developments of the secondary sales, i.e. the sales from wholesalers to pharmacies. Changes to secondary sales allow quite precise forecasts of sales to the particular market in the nearest months. This indicator for Kazakhstan, which is one of the countries where marketing has been significantly strengthened, has doubled in 4 months of 2009 compared to 4 months of 2008. This is yet another confirmation that the selected marketing partner is being very successful and that strong focus on marketing was fully justified.



In May 2009 the company has received 2 new Good Manufacturing Practice compliance certificates for production of 4 active ingredients, including memantine.

In May 2009 the company renewed cooperation with British subsidiary of multinational pharmaceutical company *Novartis* regarding the supplies of a chemical product. The order worth 1 million euros (700 thousand lats) for 2009 has already been received, but the longer term cooperation has also been thoroughly discussed during negotiations. This order has not been included into sales and profit forecasts for 2009, but since certain macroeconomic instability remains in several markets important for the company, it will currently refrain from adjusting its forecasts.

*Financial reports are approved by the Parent Company's Management Board, on behalf of which they are signed by*

  
Valērijs Maligins  
Chairman of the Board  
(President)



28 May 2009

## 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.

On behalf of the Board

  
Valērijs Maligins  
Chairman of the Board  
(President)



28 May 2009

## Consolidated income statement

	Notes	2009	2009 I.quarter	2008	2008 I.quarter
		I.quarter	I.quarter	I.quarter	I.quarter
		LVL	EUR	LVL	EUR
Net sales	3	5 566 223	7 920 022	5 415 316	7 705 300
Changes in stock of finished goods and work in progress		503 993	717 117	(103 817)	(147 718)
Other operating income	4	140 928	200 522	119 624	170 210
Cost of materials:					
<i>raw materials and consumables</i>		(624 708)	(888 879)	(908 110)	(1 292 124)
<i>other external costs</i>		(737 639)	(1 049 566)	(499 082)	(710 130)
		(1 362 347)	(1 938 445)	(1 407 192)	(2 002 254)
Staff costs:					
<i>Wages and salaries</i>	8	(1 348 090)	(1 918 159)	(1 746 705)	(2 485 337)
<i>Statutory social insurance contributions</i>	8	(313 184)	(445 621)	(400 110)	(569 305)
		(1 661 274)	(2 363 780)	(2 146 815)	(3 054 643)
Depreciation/ amortization	10,11.	(627 642)	(893 054)	(613 571)	(873 033)
Other operating expense	5	(1 982 736)	(2 821 179)	(1 459 529)	(2 076 723)
Financial income	6	33 515	47 688	20 480	29 140
Financial expense	7	(140 217)	(199 511)	(177 125)	(252 026)
<b>(Loss)/ profit before taxes</b>		<b>470 443</b>	<b>669 380</b>	<b>(352 631)</b>	<b>(501 749)</b>
Corporate income tax		(4 730)	(6 730)	(2 813)	(4 003)
<b>(Loss)/ profit for the reporting year</b>		<b>465 713</b>	<b>662 650</b>	<b>(355 444)</b>	<b>(505 751)</b>
Basic and diluted earnings per share	9	0.033	0.047	(0.025)	(0.036)

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

For the Board of the Group:


  
 Valērijs Malīgiņš  
 Chairman of the Board  
 (President)

28 May 2009

## Consolidated balance sheet

		ASSETS				
		Notes	31.03.2009.	31.03.2009.	31.03.2008.	31.03.2008.
			LVL	EUR	LVL	EUR
<b>NON-CURRENT ASSETS</b>						
<b>Intangible assets</b>						
		10	503 930	717 028	-	-
		10	6 021 457	8 567 761	2 819 545	4 011 851
		10	391 513	557 073	640 247	910 989
			296 115	421 334	226 111	321 727
	TOTAL		<b>7 213 015</b>	<b>10 263 196</b>	<b>3 685 903</b>	<b>5 244 567</b>
<b>Property, plant and equipment</b>						
		11	6 846 980	9 742 375	4 682 341	6 662 371
		11	3 660 041	5 207 769	4 333 733	6 166 347
		11	241 100	343 054	311 130	442 698
		11	110 805	157 661	1 807 301	2 571 558
			238 432	339 258	624 037	887 925
	TOTAL		<b>11 097 358</b>	<b>15 790 118</b>	<b>11 758 541</b>	<b>16 730 897</b>
<b>Financial assets</b>						
			386	549	386	549
			650	925	-	-
			-	-	540 950	769 703
	TOTAL		<b>1 036</b>	<b>1 474</b>	<b>541 336</b>	<b>770 252</b>
	<b>TOTAL NON-CURRENT ASSETS</b>		<b>18 311 409</b>	<b>26 054 788</b>	<b>15 985 780</b>	<b>22 745 716</b>
<b>CURRENT ASSETS</b>						
<b>Inventories</b>						
			924 271	1 315 119	1 054 781	1 500 818
			4 487 882	6 385 681	3 052 779	4 343 713
			1 860 071	2 646 643	2 170 488	3 088 326
			14 604	20 780	94 517	134 486
	TOTAL	12	<b>7 286 828</b>	<b>10 368 222</b>	<b>6 372 565</b>	<b>9 067 343</b>
<b>Receivables</b>						
		13	4 908 348	6 983 950	5 323 658	7 574 883
			39 979	56 885	105 619	150 282
			1 015 050	1 444 286	504 152	717 343
		18	164 334	233 826	1 379	1 962
			277 733	395 178	240 091	341 619
			62 189	88 487	36 198	51 505
	TOTAL		<b>6 467 633</b>	<b>9 202 613</b>	<b>6 211 098</b>	<b>8 837 596</b>
<b>Cash</b>		14	<b>553 412</b>	<b>787 434</b>	<b>438 329</b>	<b>623 686</b>
	<b>TOTAL CURRENT ASSETS</b>		<b>14 307 873</b>	<b>20 358 269</b>	<b>13 021 992</b>	<b>18 528 625</b>
<b>TOTAL ASSETS</b>			<b>32 619 282</b>	<b>46 413 057</b>	<b>29 007 772</b>	<b>41 274 341</b>

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

For the Board of the Group:




Valērijs Maligins\*  
Chairman of the Board  
(President)

28 May 2009

<b>EQUITY AND LIABILITIES</b>					
	Notes	31.03.2009.	31.03.2009.	31.03.2008.	31.03.2008.
<b>EQUITY</b>		<b>LVL</b>	<b>EUR</b>	<b>LVL</b>	<b>EUR</b>
Share capital	15	14 085 078	20 041 260	14 085 078	20 041 260
Share premium		1 759 708	2 503 839	1 759 708	2 503 839
Retained earnings/ (accumulated deficit):					
brought forward		(1 096 253)	(1 559 827)	350 275	498 396
for the period		465 713	662 650	(355 444)	(505 751)
<b>TOTAL EQUITY</b>		<b>15 214 246</b>	<b>21 647 922</b>	<b>15 839 617</b>	<b>22 537 745</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Loans from credit institutions	16	4 599 273	6 544 176	5 776 258	8 218 875
Long term payables for the long-term investment	20	2 509 885	3 571 245	-	-
Finance lease liabilities	17	180 488	256 811	309 861	440 892
Other loans		500 396	712 000	-	-
Taxes payable	18	338 106	481 081	592 478	843 020
Deferred corporate income tax liabilities		718 164	1 021 855	313 981	446 755
<b>TOTAL</b>		<b>8 846 312</b>	<b>12 587 168</b>	<b>6 992 578</b>	<b>9 949 542</b>
<b>Current liabilities</b>					
Loans from credit institutions	16	3 377 831	4 806 221	2 515 202	3 578 810
Finance lease liabilities	17	159 477	226 915	221 952	315 809
Other loans		137 534	195 694	-	-
Prepayments received from customers		190 674	271 305	280 651	399 330
Trade and other payables	20	2 129 602	3 030 151	1 708 667	2 431 214
Payables to related companies		175 737	250 051	124 334	176 911
Taxes payable	18	1 320 538	1 878 957	696 330	990 788
Accrued liabilities	19	1 067 330	1 518 674	628 440	894 190
<b>TOTAL</b>		<b>8 558 724</b>	<b>12 177 967</b>	<b>6 175 577</b>	<b>8 787 054</b>
<b>TOTAL LIABILITIES</b>		<b>17 405 036</b>	<b>24 765 135</b>	<b>13 168 155</b>	<b>18 736 597</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>32 619 282</b>	<b>46 413 057</b>	<b>29 007 772</b>	<b>41 274 341</b>

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

Commitments and contingencies: see Note 25.

For the Board of the Group:

  
 Valērijs Malīgiņš  
 Chairman of the Board  
 (President)



28 May 2009

## Consolidated cash flow statement

	2009 I quarter		2008 I quarter	
	LVL	EUR	LVL	EUR
<b>Cash flows to/from operating activities</b>				
(Loss)/ Profit before taxes	470 443	669 380	(355 445)	(505 753)
Adjustments for:				
Amortisation and depreciation	630 018	896 435	620 346	882 673
Loss on sale/ disposal of property, plant and equipment	(306)	(435)	31 275	44 500
Increase in allowances	135 766	193 178	(7 112)	(10 119)
Interest expences	140 217	199 511	130 027	185 012
Interest receivable	(2 714)	(3 862)	(20 480)	(29 140)
Unrealised loss/(profit) from fluctuations of currency exchange rates	(16 683)	(23 738)	24 248	34 502
	0	-	0	-
<b>Operating cash flows before working capital changes</b>	<b>1 356 741</b>	<b>1 930 469</b>	<b>422 859</b>	<b>601 674</b>
Increase in inventories	(463 451)	(659 431)	77 590	110 401
Decrease in receivables and prepaid expence	(575 415)	(818 742)	(277 104)	(394 283)
Increase/ (decrease) in payables and prepayments received	519 076	738 579	121 668	173 118
<b>Cash generated from operations</b>	<b>836 951</b>	<b>1 190 874</b>	<b>345 013</b>	<b>490 909</b>
Interest paid	(138 232)	(196 686)	(130 027)	(185 012)
Corporate income tax paid	(45 065)	(64 122)	-	-
Real estate tax paid	(3 832)	(5 452)	(13 791)	(19 623)
<b>Net cash flows to/ from operating activities</b>	<b>649 822</b>	<b>924 613</b>	<b>201 195</b>	<b>286 275</b>
<b>Cash flows to/from investing activities</b>				
Purchase of property, plant and equipment	(71 556)	(101 815)	(1 153 742)	(1 641 627)
Acquistion of subsidiary	(53 000)	(75 412)	-	-
Proceeds from sale of intangible assets and property, plant and equipment	1 289	1 834	70	100
Loans repaid	693	986	27 433	39 034
Interest receivable	251	357	20 480	29 140
Loans granted	(7 218)	(10 270)	(122 778)	(174 697)
<b>Net cash flows to/from investing activities</b>	<b>(129 540)</b>	<b>(184 319)</b>	<b>(1 228 537)</b>	<b>(1 748 051)</b>
<b>Cash flows to/from financing activities</b>				
Borrowings repaid	(3 976)	(5 657)	387 068	550 748
<b>Net cash flows to/from financing activities</b>	<b>(3 976)</b>	<b>(5 657)</b>	<b>387 068</b>	<b>550 748</b>
<b>Change in cash</b>	<b>516 306</b>	<b>734 637</b>	<b>(640 274)</b>	<b>(911 028)</b>
<b>Cash at the beginning of the year</b>	<b>37 106</b>	<b>52 797</b>	<b>1 078 604</b>	<b>1 534 715</b>
<b>Cash at the and of the year</b>	<b>553 412</b>	<b>787 434</b>	<b>438 330</b>	<b>623 687</b>

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

### Consolidated statement of changes in equity

	Share capital		Share premium		Retained earnings/ (Accumulated deficit)	Retained earnings/ (Accumulated deficit)	Total	
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
<b>Balance as at 31 December 2008</b>	<b>14 085 078</b>	<b>20 041 260</b>	<b>1 759 708</b>	<b>2 503 839</b>	<b>(1 096 253)</b>	<b>(1 559 827)</b>	<b>14 748 533</b>	<b>20 985 272</b>
Loss for the reporting year	-	-	-	-	465 713	662 649	465 713	662 650
<b>Balance as at 31 March 2009</b>	<b>14 085 078</b>	<b>20 041 260</b>	<b>1 759 708</b>	<b>2 503 839</b>	<b>(630 540)</b>	<b>(897 178)</b>	<b>15 214 246</b>	<b>21 647 922</b>

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

## Notes to the 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, AS Olainfarm (hereinafter, the Parent Company) was registered with the Republic of Latvia Enterprise Register on 10 June 1991 (re-registered on 27 March 1997) 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 consolidated financial statements were approved by the Board on 28 May 2009.

The Parent Company's shareholders have the power to amend the consolidated financial statements after the issue.

### 2. Summary of significant accounting policies

#### Foreign currency translation

The functional and reporting currency of companies of the Group is the Lat (LVL). All transactions denominated in foreign currencies are converted into Lats at the Bank of Latvia rate of exchange prevailing on the day the transaction took place. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. At the year end foreign currency financial assets and liabilities are translated at the Bank of Latvia rate of exchange ruling at 31 December, and all associated exchange differences are dealt with through the income statement.

Exchange rates against the USD and EUR in the last two years have been:

	<u>31/03/2009</u>	<u>31/03/2008</u>
EUR	0.702804	0.702804
USD	0.532	0.445

### 3. Net sales

<b><i>By business segments</i></b>	<b>2009 I. quarter</b>		<b>2008 I. quarter</b>	
	<b>LVL</b>	<b>EUR</b>	<b>LVL</b>	<b>EUR</b>
Finished form medicine	5 313 200	7 560 002	4 797 534	6 826 276
Chemicals	253 024	360 020	617 782	879 025
<b>TOTAL:</b>	<b>5 566 223</b>	<b>7 920 022</b>	<b>5 415 316</b>	<b>7 705 300</b>

<b><i>By geographical segments</i></b>	<b>2009 I. quarter</b>		<b>2008 I. quarter</b>	
	<b>LVL</b>	<b>EUR</b>	<b>LVL</b>	<b>EUR</b>
CIS	4 190 448	5 962 471	3 507 284	4 990 416
Latvia	944 331	1 343 663	742 427	1 056 378
Europe	88 835	126 400	977 086	1 390 268
Baltic states (Lithuania and Estonia)	158 681	225 783	117 258	166 843
Other	183 928	261 705	71 261	101 395
<b>TOTAL:</b>	<b>5 566 223</b>	<b>7 920 022</b>	<b>5 415 316</b>	<b>7 705 300</b>



**4. Other operating income**

	2009 I. quarter		2008 I. quarter	
	LVL	EUR	LVL	EUR
Treatment of waste water	66 465	94 571	46 370	65 979
Income of services*	30 450	43 327	27 571	39 230
Lease of premises	20 309	28 897	12 117	17 241
Sale of current assets	1 289	1 834	17 440	24 815
Incomes from catering services	8 880	12 635	8 734	12 427
Gains from sale of non-current assets	223	318	51	72
Other operating income	13 311	18 940	7 341	10 445
<b>TOTAL:</b>	<b>140 928</b>	<b>200 522</b>	<b>119 624</b>	<b>170 210</b>

\* Income from services includes the analysis of preparations based on customer's orders.

**5. Other operating expense**

	31.03.2009		31.03.2008	
	LVL	EUR	LVL	EUR
Marketing expense	1 316 412	1 873 085	960 686	1 366 932
Sales commissions	31 027	44 147	28 516	40 574
Transportation expense	15 927	22 662	32 855	46 748
Other distribution costs	14 764	21 007	35 214	50 105
Expert analysis of medicines	1 074	1 529	1 185	1 686
<i>Total distribution costs:</i>	<i>1 379 204</i>	<i>1 962 430</i>	<i>1 058 456</i>	<i>1 506 047</i>
Other operating expense	332 052	472 467	22 253	31 663
Insurance	39 749	56 557	51 139	72 764
Information and business consulting	28 474	40 515	25 377	36 108
Business trips	24 426	34 755	41 468	59 004
Communications expense	16 337	23 245	19 517	27 770
Other taxes	15 411	21 928	13 791	19 623
Inventoring of buildings	13 000	18 497	-	-
Representation expense	11 248	16 005	19 895	28 309
Write-offs of current assets	11 169	15 892	15 131	21 529
Car fleet maintenance	11 075	15 758	21 346	30 373
Social infrastructure	10 107	14 380	17 844	25 389
Membership fees	9 620	13 688	6 063	8 627
Allowances to staff	9 479	13 488	14 367	20 443
Security	8 120	11 553	8 345	11 874
Bank charges	7 874	11 204	9 644	13 722
Waste removal	7 765	11 049	4 089	5 818
Permits for import and export of medicines	7 110	10 117	7 362	10 475
Education	7 026	9 997	6 826	9 713
Current repairs	6 117	8 703	6 716	9 555
Humanitarian aid	5 335	7 591	1 023	1 455
Office expense	4 263	6 066	9 877	14 053
Land lease for eco-field	3 577	5 090	591	841
Laboratory tests	3 125	4 447	1 528	2 174
Donations	2 393	3 404	6 319	8 991
Flowers and gifts	2 343	3 334	14 106	20 070
Administrative offices maintenance	2 310	3 287	1 704	2 425
Visas, invitations	1 040	1 479	1 583	2 253
Legal and audit expense	960	1 366	17 840	25 384
Unemployment risk duty	705	1 003	835	1 188
Provisions for impairment of tangible assets	625	889	1 437	2 045
Write-offs and disposal of tangible assets	485	690	12 595	17 921
Hosting expense	213	303	4 390	6 246
New product research and development costs	-	-	16 073	22 870
<b>TOTAL:</b>	<b>1 982 736</b>	<b>2 821 179</b>	<b>1 459 529</b>	<b>2 076 725</b>

**6. Financial income**

	2009 I.quarter		2008 I.quarter	
	LVL	EUR	LVL	EUR
Interest accrued on bank account balances	251	358	16 794	23 896
Loan interest payments	2 463	3 505	3 686	5 245
Currency exchange gain, net	28 809	40 992	-	-
Currency exchange commission	1 991	2 832	-	-
<b>TOTAL:</b>	<b>33 515</b>	<b>47 688</b>	<b>20 480</b>	<b>29 140</b>

**7. Financial expense**

	2009 I.quarter		2008 I.quarter	
	LVL	EUR	LVL	EUR
Currency exchange loss, net	-	-	24 248	34 502
Loan interest expenses	102 522	145 875	123 349	175 510
Penalties paid for late payments	37 695	53 635	6 678	9 502
Currency exchange commission	-	-	22 849	32 511
<b>TOTAL:</b>	<b>140 217</b>	<b>199 511</b>	<b>177 125</b>	<b>252 026</b>

**8. Staff costs and number of employees**

	2009 I.quarter		2008 I.quarter	
	LVL	EUR	LVL	EUR
Wages and salaries	1 348 090	1 918 159	1 746 705	2 485 337
Statutory social insurance contributions	313 184	445 621	400 110	569 305
<b>TOTAL:</b>	<b>1 661 274</b>	<b>2 363 780</b>	<b>2 146 815</b>	<b>3 054 643</b>

	2009 I.quarter		2008 I.quarter	
	LVL	EUR	LVL	EUR
<u>Management of the Group</u>				
Wages and salaries	101 990	145 119	171 604	244 170
Statutory social insurance contributions	24 518	34 886	39 854	56 707
<u>Board Members</u>				
Wages and salaries	89 996	128 053	95 343	135 661
Statutory social insurance contributions	21 680	30 848	17 509	24 913
<u>Council Members</u>				
Wages and salaries	19 514	27 765	36 191	51 495
Statutory social insurance contributions	4 073	5 795	8 718	12 405
<b>TOTAL:</b>	<b>261 771</b>	<b>372 467</b>	<b>369 219</b>	<b>525 351</b>

	31/03/2009	31/03/2008
Average number of employees during the reporting year	816	1 078

## 9. Basic and diluted earnings per share

Earnings per share are calculated by dividing the net result for the year after taxation attributable to shareholders by the weighted average number of shares in issue during the year. The table below presents the income and share data used in the computations of basic earnings per share:

	2009 I.quarter		2008 I.quarter	
	LVL	EUR	LVL	EUR
Net result attributable to shareholders	465 713	662 650	(355 444)	(505 751)
Weighted average number of ordinary shares*	14 085 078	20 041 260	14 085 078	20 041 260
<b>Earnings per share</b>	<b>0.033</b>	<b>0.047</b>	<b>(0.025)</b>	<b>(0.036)</b>

The Parent Company has no potential dilutive ordinary shares and therefore diluted earnings per share are the same as the basic earnings per share.

## 10. Intangible assets

	Goodwill		Patents		Other intangible assets		TOTAL	
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
<b>Acquisition value as at 31/12/2007</b>	-	-	950 000	1 351 728	375 478	534 257	3 036 374	4 320 371
2008 Additions	-	-	1 900 000	2 703 456	11 741	16 706	1 911 741	2 720 162
Disposals	-	-	-	-	(16 880)	(24 018)	(16 880)	(24 018)
<b>Acquisition value as at 31/03/2008</b>	-	-	2 850 000	4 055 185	370 339	526 945	4 931 235	7 016 515
<b>Accumulated amortisation as at 31/12/2007</b>	-	-	-	-	185 147	263 440	1 355 585	1 928 824
2008 Amortisation	-	-	30 455	43 334	17 456	24 838	132 738	188 869
Amortisation of disposals	-	-	-	-	(16 880)	(24 018)	(16 880)	(24 018)
<b>Accumulated amortisation as at 31/12/2008</b>	-	-	30 455	43 334	185 723	264 260	1 471 443	2 093 675
<b>Net carrying amount as at 31/12/2007</b>	-	-	950 000	1 351 728	190 331	270 817	1 680 789	2 391 547
<b>Net carrying amount as at 31/03/2008</b>	-	-	2 819 545	4 011 851	184 616	262 685	3 459 792	4 922 841

	Goodwill		Patents		Other intangible assets		TOTAL	
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
<b>Acquisition value as at 31/12/2008</b>	503 930	717 028	6 209 531	8 835 367	818 783	1 165 023	7 532 244	10 717 418
2009. I. quarter Additions	-	-	-	-	31 067	44 204	31 067	44 204
Disposals	-	-	-	-	-	-	-	-
<b>Acquisition value as at 31/03/2009</b>	503 930	717 028	6 209 531	8 835 367	849 850	1 209 228	7 563 311	10 761 622
<b>Accumulated amortisation as at 31/12/2008</b>	-	-	148 018	210 611	419 672	597 139	567 690	807 750
2009. I. quarter Amortisation	-	-	40 056	56 994	38 665	55 015	78 721	112 009
Amortisation of disposals	-	-	-	-	-	-	-	-
<b>Accumulated amortisation as at 31/03/2009</b>	-	-	188 074	267 605	458 337	652 155	646 411	919 759
<b>Net carrying amount as at 31/12/2008</b>	503 930	717 028	6 061 513	8 624 756	399 113	567 887	6 964 556	9 909 670
<b>Net carrying amount as at 31/03/2009</b>	503 930	717 028	6 021 457	8 567 761	391 513	557 073	6 916 900	9 841 862

**11. Property, plant and equipment**

LVL

	Land	Buildings and constructions	Equipment and machinery	Other tangible assets	Construction in progress	TOTAL
<b>Acquisition value as at 31/12/2007</b>	<b>55 928</b>	<b>10 562 122</b>	<b>11 437 512</b>	<b>620 964</b>	<b>1 187 133</b>	<b>23 863 659</b>
2008. I quarter						
Additions	-	28 045	236 812	44 368	648 379	957 604
Liquidation	-	(26 288)	(106 383)	(27 053)	(28 211)	(187 935)
Reclassification	-	-	-	-	-	-
<b>Acquisition value as at 31/03/2008</b>	<b>55 928</b>	<b>10 563 879</b>	<b>11 567 941</b>	<b>638 279</b>	<b>1 807 301</b>	<b>24 633 328</b>
<b>Accumulated depreciation as at 31/12/2007</b>	<b>-</b>	<b>5 857 445</b>	<b>6 972 796</b>	<b>309 354</b>	<b>-</b>	<b>13 139 595</b>
2008. I quarter						
Izslēgšana	-	-	-	-	-	-
Depreciation	-	93 810	367 449	26 349	-	487 608
Depreciation of disposals	-	(13 788)	(106 037)	(8 554)	-	(128 379)
Reclassification	-	-	-	-	-	-
<b>Accumulated depreciation as at 31/03/2008</b>	<b>-</b>	<b>5 937 467</b>	<b>7 234 208</b>	<b>327 149</b>	<b>-</b>	<b>13 498 824</b>
<b>Net carrying amount as at 31/12/2007</b>	<b>55 928</b>	<b>4 704 678</b>	<b>4 464 716</b>	<b>311 611</b>	<b>1 187 132</b>	<b>10 724 065</b>
<b>Net carrying amount as at 31/03/2008</b>	<b>55 928</b>	<b>4 626 413</b>	<b>4 333 733</b>	<b>311 130</b>	<b>1 807 301</b>	<b>11 134 504</b>
	Land	Buildings and constructions	Equipment and machinery	Other tangible assets	Construction in progress	TOTAL
<b>Acquisition value as at 31/12/2008</b>	<b>55 928</b>	<b>13 023 139</b>	<b>12 264 667</b>	<b>602 694</b>	<b>88 779</b>	<b>26 035 207</b>
2009. I quarter						
Additions	-	-	3 831	584	23 678	28 093
Disposals	-	(3 750)	(14 997)	(115)	(1 652)	(20 514)
Reclassification	-	-	(207)	207	-	-
<b>Acquisition value as at 31/03/2009</b>	<b>55 928</b>	<b>13 019 389</b>	<b>12 253 294</b>	<b>603 370</b>	<b>110 805</b>	<b>26 042 786</b>
<b>Accumulated depreciation as at 31/12/2008</b>	<b>-</b>	<b>6 098 312</b>	<b>8 212 375</b>	<b>339 756</b>	<b>-</b>	<b>14 650 443</b>
2009. I quarter						
Depreciation	-	133 361	395 328	22 609	-	551 298
Depreciation of disposals	-	(3 335)	(14 450)	(95)	-	(17 880)
Reversed impairment	-	-	-	-	-	-
<b>Accumulated depreciation as at 31/03/2009</b>	<b>-</b>	<b>6 228 338</b>	<b>8 593 253</b>	<b>362 270</b>	<b>-</b>	<b>15 183 861</b>
<b>Net carrying amount as at 31/12/2008</b>	<b>55 928</b>	<b>6 924 828</b>	<b>4 052 292</b>	<b>262 939</b>	<b>88 779</b>	<b>11 384 766</b>
<b>Net carrying amount as at 31/03/2009</b>	<b>55 928</b>	<b>6 791 052</b>	<b>3 660 041</b>	<b>241 100</b>	<b>110 805</b>	<b>10 858 925</b>

**11. Property, plant and equipment (cont'd)****EUR**

	Land	Buildings and constructions	Equipment and machinery	Other tangible assets	Construction in progress	TOTAL
<b>Acquisition value as at 31/12/2007</b>	<b>55 928</b>	<b>10 562 122</b>	<b>11 437 512</b>	<b>620 964</b>	<b>1 187 133</b>	<b>23 863 659</b>
2008. I quarter Additions	-	28 045	236 812	44 368	648 379	957 604
2008. I quarter Liquidation	-	(26 288)	(106 383)	(27 053)	(28 211)	(187 935)
<b>Acquisition value as at 31/03/2008</b>	<b>55 928</b>	<b>10 563 879</b>	<b>11 567 941</b>	<b>638 279</b>	<b>1 807 301</b>	<b>24 633 328</b>
<b>Accumulated depreciation as at 31/12/2007</b>	<b>-</b>	<b>5 857 445</b>	<b>6 972 796</b>	<b>309 354</b>	<b>-</b>	<b>13 139 595</b>
2008. I quarter Depreciation	-	93 810	367 449	26 349	-	487 608
2008. I quarter Depreciation of disposals	-	(13 788)	(106 037)	(8 554)	-	(128 379)
<b>Accumulated depreciation as at 31/03/2008</b>	<b>-</b>	<b>5 937 467</b>	<b>7 234 208</b>	<b>327 149</b>	<b>-</b>	<b>13 498 824</b>
<b>Net carrying amount as at 31/12/2007</b>	<b>55 928</b>	<b>4 704 678</b>	<b>4 464 716</b>	<b>311 611</b>	<b>1 187 132</b>	<b>10 724 065</b>
<b>Net carrying amount as at 31/03/2008</b>	<b>55 928</b>	<b>4 626 413</b>	<b>4 333 733</b>	<b>311 130</b>	<b>1 807 301</b>	<b>11 134 504</b>

	Land	Buildings and constructions	Equipment and machinery	Other tangible assets	Construction in progress	TOTAL
<b>Acquisition value as at 31/12/2008</b>	<b>79 578</b>	<b>18 530 257</b>	<b>17 451 049</b>	<b>857 556</b>	<b>126 321</b>	<b>37 044 762</b>
2009. I quarter Additions	-	-	5 451	831	33 691	39 973
2009. I quarter Disposals	-	(5 336)	(21 339)	(164)	(2 351)	(29 189)
2009. I quarter Reclassification	-	-	(295)	295	-	-
<b>Acquisition value as at 31/03/2009</b>	<b>79 578</b>	<b>18 524 922</b>	<b>17 434 867</b>	<b>858 518</b>	<b>157 661</b>	<b>37 055 546</b>
<b>Accumulated depreciation as at 31/12/2008</b>	<b>-</b>	<b>8 677 116</b>	<b>11 685 157</b>	<b>483 429</b>	<b>-</b>	<b>20 845 702</b>
2009. I quarter Depreciation	-	189 755	562 501	32 170	-	784 426
2009. I quarter Depreciation of disposals	-	(4 745)	(20 560)	(135)	-	(25 441)
2009. I quarter Reversed impairment	-	-	-	-	-	-
<b>Accumulated depreciation as at 31/03/2009</b>	<b>-</b>	<b>8 862 126</b>	<b>12 227 097</b>	<b>515 464</b>	<b>-</b>	<b>21 604 688</b>
<b>Net carrying amount as at 31/12/2008</b>	<b>79 578</b>	<b>9 853 143</b>	<b>5 765 892</b>	<b>374 128</b>	<b>126 321</b>	<b>16 199 063</b>
<b>Net carrying amount as at 31/03/2009</b>	<b>79 578</b>	<b>9 662 797</b>	<b>5 207 769</b>	<b>343 054</b>	<b>157 661</b>	<b>15 450 858</b>

There is a difference of LVL 2 379 between total depreciation and amortisation under the income statement and the total depreciation and amortisation stated in Notes 10 and 11. Difference is explained as depreciation of the property, plant and equipment in the cafe and the canteen – LVL 1 422 which was disclosed in the income statement as other operating expense and 957 LVL depreciation expenses included in other operating expense.

**12. Inventories**

	31.03.2009.		31.03.2008.	
	LVL	EUR	LVL	EUR
Raw materials (at cost)	1 044 727	1 486 512	1 166 290	1 659 481
Work in progress (at cost)	4 669 013	6 643 406	3 194 453	4 545 297
Finished goods and goods for resale (at cost)*	2 102 072	2 990 979	2 228 503	3 170 874
Goods in transit	-	-	-	-
Prepayments for goods	14 604	20 780	94 517	134 486
<b>TOTAL:</b>	<b>7 830 416</b>	<b>11 141 678</b>	<b>6 683 762</b>	<b>9 510 137</b>
Allowances for raw materials	(120 456)	(171 393)	(111 509)	(158 663)
Allowances for work in progress	(181 131)	(257 726)	(141 674)	(201 584)
Allowances for finished goods and goods for resale	(242 001)	(344 337)	(58 015)	(82 548)
<b>TOTAL:</b>	<b>(543 588)</b>	<b>(773 456)</b>	<b>(311 197)</b>	<b>(442 793)</b>
<b>TOTAL:</b>	<b>7 286 828</b>	<b>10 368 222</b>	<b>6 372 565</b>	<b>9 067 343</b>

\* As at 31 march 2009, the Group's inventories comprised goods on consignment in the amount of LVL 235 654 (31/03/2008: LVL 256 156).

**13. Trade receivables**

	31.03.2009.		31.03.2008.	
	LVL	EUR	LVL	EUR
Trade receivables	4 929 136	7 013 529	5 340 776	7 599 240
Allowances for doubtful trade receivables	(20 788)	(29 579)	(17 118)	(24 357)
<b>TOTAL:</b>	<b>4 908 348</b>	<b>6 983 950</b>	<b>5 323 658</b>	<b>7 574 883</b>

**14. Cash and short term deposits**

	31.03.2009.		31.03.2008.	
	LVL	EUR	LVL	EUR
Cash at banks and on hand	53 016	75 434	138 329	196 824
Short-term deposits	500 396	712 000	300 000	426 862
	553 412	787 434	438 329	623 686

On March 23, 2009, the Company entered into a Deposit agreement with AS SEB Banka, whereby it deposited 712 000 euros for 6 months. Thereby the Bank undertook to pay an interest of 3.35% per annum.

	31.03.2009.		31.03.2008.	
	Foreign currency	LVL	Foreign currency	LVL
<b>Cash by currency profile:</b>				
RUB	-	-	862 540	16 302
LVL	-	31 511	-	380 991
EUR	742 249	521 656	41 900	29 447
USD	461	245	26 044	11 589
<b>KOPĀ:</b>	<b>-</b>	<b>553 412</b>	<b>-</b>	<b>438 329</b>

Cash at banks earns interest at average 0.25% based on bank account service agreement.

**15. Share capital**

The share capital of the Parent Company on 31.03.2009 is LVL 14 085 078 (31/03/2008: LVL 14 085 078) and consists of 14 085 078 (2008: 14 085 078) shares. The par value of each share is LVL 1.

All 14 085 078 shares are ordinary publicly traded dematerialized voting shares to bearer.

**16. Loans from credit institutions**

					31.03.2009.	31.03.2009.	31.03.2008.	31.03.2008.
					LVL	EUR	LVL	EUR
					<b>Non-current:</b>			
		Interest rate (%) as at		Maturity				
		31/03/2009						
Loan from AS SEB		EUR	LIBOR					
banka	6 950 000	(3-month)+1.3%		08.12.2011.	1 982 409	2 820 714	2 523 066	3 589 999
Loan from AS SEB		EUR	LIBOR					
banka	4 000 000	(3-month)+1.3%		23.05.2013.	1 504 594	2 140 845	1 979 730	2 816 902
Loan from AS SEB		EUR	LIBOR					
banka	2 000 000	(3-month)+1.3%		10.10.2012.	854 389	1 215 686	1 006 951	1 432 762
Loan from AS SEB		EUR	LIBOR					
banka	445 000	(3-month)+1.3%		30.01.2015.	257 880	366 930	266 511	379 211
<b>TOTAL:</b>					<b>4 599 273</b>	<b>6 544 176</b>	<b>5 776 258</b>	<b>8 218 875</b>
					31.03.2009.	31.03.2009.	31.03.2008.	31.03.2008.
					LVL	EUR	LVL	EUR
					<b>Current:</b>			
		Interest rate (%) as at		Maturity				
		31/03/2009						
Loan from AS SEB		EUR	LIBOR					
banka	6 950 000	(3-month)+1.3%		08.12.2011.	540 657	769 286	540 657	769 286
Loan from AS SEB		EUR	LIBOR					
banka	4 000 000	(3-month)+1.3%		23.05.2013.	475 135	676 056	475 135	676 056
Loan from AS SEB		EUR	LIBOR					
banka	2 000 000	(3-month)+1.3%		10.10.2012.	330 731	470 588	137 805	196 078
Loan from AS SEB		EUR	LIBOR					
banka	445 000	(3-month)+1.3%		30.01.2015.	32 921	46 842	46 237	65 789
Credit line from AS		EUR	LIBOR					
SEB banka *	3 000 000	(3-month)+2.9%		30.06.2009	1 998 387	2 843 448	1 315 368	1 871 601
<b>TOTAL:</b>					<b>3 377 831</b>	<b>4 806 221</b>	<b>2 515 202</b>	<b>3 578 810</b>

On 27 March 2009, the credit line agreement signed with AS SEB banka was amended. According to the amendment, the maturity of the credit line was extended until 30 June 2009, the credit line limit will be reduced to EUR 2 200 000 (LVL 1 546 169) by 31 May 2009 and the interest rate on the outstanding credit line is 3-month Euribor+2.9%. At the same time the Group plans to sign a factoring agreement with SIA SEB Līzings with the total limit of EUR 800 000 (LVL 562 243) and has made a cash deposit in the amount of EUR 712 000 (LVL 500 996) as a financial pledge in favour of AS SEB banka.



**17. Finance lease liabilities**

	31.03.2009.		31.03.2009.		31.03.2008.		31.03.2008.	
	LVL		EUR		LVL		EUR	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Finance lease liabilities to SIA SEB Unilīzings, EUR	180 488	151 626	256 811	215 744	304 706	191 521	433 558	272 510
Finance lease liabilities to SIA Hanza Līzings, EUR	-	4 072	-	5 794	2 707	15 763	3 852	22 429
Finance lease liabilities to SIA SEB Unilīzings, LVL	-	1 541	-	2 193	1 351	1 911	1 922	2 719
Finance lease liabilities to SIA Parex Līzings, EUR	-	2 238	-	3 184	1 098	12 758	1 562	18 153
<b>TOTAL:</b>	<b>180 488</b>	<b>159 477</b>	<b>256 811</b>	<b>226 915</b>	<b>309 861</b>	<b>221 952</b>	<b>440 892</b>	<b>315 809</b>

Future minimum lease payments for the above finance leases can be specified as follows:

	31.03.2009.		31.03.2009.		31.03.2008.		31.03.2008.	
	Present		Present		Present		Present	
	Minimum	value of	Minimum	value of	Minimum	value of	Minimum	value of
	payments	payments	payments	payments	payments	payments	payments	payments
	LVL	LVL	EUR	EUR	LVL	LVL	EUR	EUR
Within one year	173 191	159 478	246 429	226 917	240 538	221 952	342 255	315 809
Between one and five years	190 836	180 487	271 535	256 810	326 618	309 861	464 736	440 892
Total minimum lease payments	364 027	339 965	517 964	483 727	567 156	531 813	806 990	756 702
Less amounts representing finance charges	(24 062)	-	(34 237)	-	(35 343)	-	(50 289)	-
<b>Present value of minimum lease payments</b>	<b>339 965</b>	<b>339 965</b>	<b>483 727</b>	<b>483 727</b>	<b>531 813</b>	<b>531 813</b>	<b>756 702</b>	<b>756 702</b>

**18. Taxes payable/ receivable**

	31.03.2009.		31.03.2009.		31.03.2008.		31.03.2008.	
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
Personal income tax *		(701 980)		(998 828)		(520 360)		(740 406)
Statutory social insurance contributions *		(896 235)		(1 275 228)		(594 366)		(845 707)
Real estate tax *		(56 635)		(80 585)		(69 778)		(99 285)
Natural resource tax		(3 793)		(5 397)		(2 253)		(3 206)
Corporate income tax		164 334		233 826		(74 226)		(105 614)
Value added tax		166 092		236 327		190 293		270 763
Value added tax		-		-		(26 446)		(37 629)
<b>TOTAL:</b>		<b>(1 328 218)</b>		<b>(1 889 884)</b>		<b>(1 097 136)</b>		<b>(1 561 084)</b>
<b>Total liabilities:</b>		<b>(1 658 644)</b>		<b>(2 360 037)</b>		<b>(1 288 808)</b>		<b>(1 833 809)</b>
<b>Total assets:</b>		<b>330 426</b>		<b>470 154</b>		<b>191 672</b>		<b>272 725</b>

**19. Accrued liabilities**

	31.03.2009.		31.03.2008.	
	LVL	EUR	LVL	EUR
Vacation pay reserve	378 833	539 031	402 500	572 706
Accruals for electricity and gas	214 103	304 641	-	-
Accruals for discounts for customers	-	-	-	-
Provisions for penalties related to taxes (see Note 25)	55 511	78 985	75 456	107 364
Accruals for marketing services	354 927	505 015	-	-
Accrued interest for purchase of long term investment	34 062	48 466	-	-
Other accrued liabilities	29 895	42 537	150 485	214 121
<b>TOTAL:</b>	<b>1 067 330</b>	<b>1 518 674</b>	<b>628 440</b>	<b>894 190</b>

**20. Trade and other payables**

	31.03.2009.		31.03.2008.	
	LVL	EUR	LVL	EUR
Liability for long term investment	2 453 050	3 490 376	-	-
Trade and other payables	1 809 075	2 574 082	1 279 064	1 819 944
Wages and salaries	320 526	456 068	429 603	611 270
Other paybles	56 835	80 869	-	-
<b>TOTAL:</b>	<b>4 639 487</b>	<b>6 601 395</b>	<b>1 708 667</b>	<b>2 431 214</b>

**21. Segment information**

For management purposes group is organized into business units based on its products, and has two reportable operating segments as follows:

The finished form medicine segment represents tablets, capsules, ampoules and sachets, namely the products ready for final consumption by end users.

The chemicals segment is sales of chemicals to the clients of the Group for further processing, eventually into finished form medicines. Production of both segments is separated.

Under the segment „Chemicals” the Group has stated revenues from sale of chemical and pharmaceutical substances only to customers outside the Group. However, most of the chemicals are used to produce the final dosage forms within the Group and revenues generated by them do cover the resources invested into fixed assets used for chemical production. The Group does not keep separate books by segments.

**21. Segment information (cont'd)****LVL**

	Finished form medicine		Chemicals		Unallocated		Total	
	31.03.2009.	31.03.2008.	31.03.2009.	31.03.2008.	31.03.2009.	31.03.2008.	31.03.2009.	31.03.2008.
<b>Assets</b>								
Intangible assets	496 828	2 965 933	2 664 571	719 970	4 051 616	-	7 213 015	3 685 903
Tangible assets	9 824 804	8 097 419	1 269 148	2 982 746	3 406	678 376	11 097 358	11 758 541
Financial assets	-	540 950	-	-	1 036	386	1 036	541 336
Inventories	6 452 915	4 587 107	833 574	1 690 941	339	94 517	7 286 828	6 372 565
Receivables	5 837 206	4 340 037	463 513	892 325	166 914	978 736	6 467 633	6 211 098
Cash	-	-	-	-	553 412	438 329	553 412	438 329
<b>Total assets</b>	<b>22 611 752</b>	<b>20 531 446</b>	<b>5 230 807</b>	<b>6 285 982</b>	<b>4 776 723</b>	<b>2 190 344</b>	<b>32 619 282</b>	<b>29 007 772</b>
<b>Equity and liabilities</b>								
Total equity	-	-	-	-	15 214 246	15 839 617	15 214 246	15 839 617
Deferred income tax liability	-	-	-	-	718 164	313 981	718 164	313 981
Loans from credit institution	7 064 523	6 055 253	912 581	2 236 207	-	-	7 977 104	8 291 460
Other loans	301 073	388 383	38 892	143 430	-	-	339 965	531 813
Taxes payable	1 468 658	950 358	189 718	338 450	267	-	1 658 644	1 288 808
Prepayments received from customers	162 721	275 379	27 858	5 271	95	-	190 674	280 651
Trade payables	3 321 420	1 263 531	1 899 162	445 136	56 836	-	5 277 418	1 708 667
Payables to related companies	155 633	-	20 104	-	-	124 334	175 737	124 334
Accrued liabilities	-	-	-	-	1 067 330	628 440	1 067 330	628 440
<b>Total equity and liabilities</b>	<b>12 474 028</b>	<b>8 932 904</b>	<b>3 088 316</b>	<b>3 168 494</b>	<b>17 056 938</b>	<b>16 906 372</b>	<b>32 619 282</b>	<b>29 007 772</b>
<b>Income statement</b>								
Net turnover	5 313 200	4 797 534	253 024	617 782	-	-	5 566 223	5 415 316
Changes in stock of finished goods and work in progress	446 336	(75 818)	57 657	(27 999)	-	-	503 993	(103 817)
Other operating income	-	-	-	-	140 928	119 624	140 928	119 624
Cost of materials	(1 204 727)	(1 051 362)	(155 624)	(355 831)	(1 997)	-	(1 362 347)	(1 407 192)
Staff costs	(1 120 112)	(1 575 421)	(144 694)	(571 394)	(396 467)	-	(1 661 274)	(2 146 815)
Depreciation/ amortisation and write-offs	(532 841)	(448 327)	(68 831)	(165 244)	(25 970)	-	(627 642)	(613 571)
Other operating expense	(1 741 450)	(1 076 026)	(224 957)	(383 503)	(16 329)	-	(1 982 736)	(1 459 529)
Income from investments in subsidiaries	-	-	-	-	-	-	-	-
Financial income	-	-	-	-	33 515	20 480	33 515	20 480
Financial expenses	-	-	-	-	(140 217)	(177 125)	(140 217)	(177 125)
Taxes	-	-	-	-	(4 730)	-	(4 730)	(2 813)
<b>Net profit/ (loss) for the year</b>	<b>1 160 406</b>	<b>570 580</b>	<b>(283 426)</b>	<b>(886 188)</b>	<b>(411 267)</b>	<b>(37 021)</b>	<b>465 713</b>	<b>(355 444)</b>

**21. Segment information (cont'd)**

EUR

	Finished form medicine		Chemicals		Unallocated		Total	
	31.03.2009.	31.03.2008.	31.03.2009.	31.03.2008.	31.03.2009.	31.03.2008.	31.03.2009.	31.03.2008.
<b>Assets</b>								
Intangible assets	706 922	4 220 142	3 791 343	1 024 425	5 764 930	-	10 263 195	5 244 567
Tangible assets	13 979 437	11 521 589	1 805 835	4 244 065	4 846	965 242	15 790 118	16 730 897
Financial assets	-	769 703	-	-	1 474	549	1 474	770 252
Inventories	9 181 670	6 526 865	1 186 069	2 405 992	482	134 486	10 368 222	9 067 343
Receivables	8 305 595	6 175 316	659 520	1 269 664	237 497	1 392 616	9 202 613	8 837 596
Cash	-	-	-	-	-	787 434	787 434	623 686
<b>Total assets</b>	<b>32 173 625</b>	<b>29 213 616</b>	<b>7 442 768</b>	<b>8 944 147</b>	<b>6 796 664</b>	<b>3 116 579</b>	<b>46 413 057</b>	<b>41 274 341</b>
<b>Equity and liabilities</b>								
Total equity	-	-	-	-	21 647 922	22 537 745	21 647 922	22 537 745
Deferred income tax liability	-	-	-	-	1 021 855	446 755	1 021 855	446 755
Loans from credit institution	10 051 911	8 615 849	1 298 485	3 181 836	-	-	11 350 396	11 797 685
Other loans	428 388	552 619	55 338	204 083	-	-	483 727	756 702
Taxes payable	2 089 712	1 352 238	269 945	481 571	380	-	2 360 038	1 833 809
Prepayments received from customers	231 531	391 829	39 639	7 500	135	-	271 305	399 330
Trade payables	4 725 955	1 797 843	2 702 264	633 371	80 870	-	7 509 089	2 431 214
Payables to related companies	221 445	-	28 606	-	-	176 911	250 051	176 911
Accrued liabilities	-	-	-	-	1 518 674	894 190	1 518 674	894 190
<b>Total equity and liabilities</b>	<b>17 748 942</b>	<b>12 710 377</b>	<b>4 394 278</b>	<b>4 508 361</b>	<b>24 269 836</b>	<b>24 055 600</b>	<b>46 413 057</b>	<b>41 274 341</b>
<b>Income statement</b>								
Net turnover	7 560 002	6 826 276	360 020	879 025	-	-	7 920 022	7 705 300
Changes in stock of finished goods and work in progress	635 079	(107 879)	82 038	(39 839)	-	-	717 117	(147 718)
Other operating income	-	-	-	-	200 522	170 210	200 522	170 210
Cost of materials	(1 714 172)	(1 495 953)	(221 433)	(506 302)	(2 841)	-	(1 938 445)	(2 002 254)
Staff costs	(1 593 776)	(2 241 622)	(205 881)	(813 020)	(564 122)	-	(2 363 780)	(3 054 643)
Depreciation/ amortisation and write-offs	(758 164)	(637 912)	(97 938)	(235 121)	(36 952)	-	(893 054)	(873 033)
Other operating expense	(2 477 860)	(1 531 047)	(320 085)	(545 676)	(23 234)	-	(2 821 179)	(2 076 723)
Income from investments in subsidiaries	-	-	-	-	-	-	-	-
Financial income	-	-	-	-	47 688	29 140	47 688	29 140
Financial expenses	-	-	-	-	(199 511)	(252 026)	(199 511)	(252 026)
Taxes	-	-	-	-	(6 730)	-	(6 730)	(4 003)
<b>Net profit/ (loss) for the year</b>	<b>1 651 109</b>	<b>811 862</b>	<b>(403 279)</b>	<b>(1 260 932)</b>	<b>(585 180)</b>	<b>(52 676)</b>	<b>662 650</b>	<b>(505 751)</b>

Secondary information is reported geographically. The geographical segments, based on location of the Group's assets, are not presented, as major part of the Group assets (approx. 92%) are located in Latvia. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers, see Note 3.

**22. Events after the balance sheet date**

On 26 January 2009, the resignation of Rolands Klincis, a Council Member of AS Olainfarm, was received. As Tatjana Lukina also resigned from her office as Council Member in 2008, the upcoming shareholder's meeting of the Parent Company will have to elect a new Council.