

JOINT STOCK COMPANY OLAINFARM

(UNIFIED REGISTRATION NUMBER 40003007246)

**CONSOLIDATED ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013**

(17TH FINANCIAL YEAR)

**PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS, AS ADOPTED BY THE EU**

Olaine, 2013

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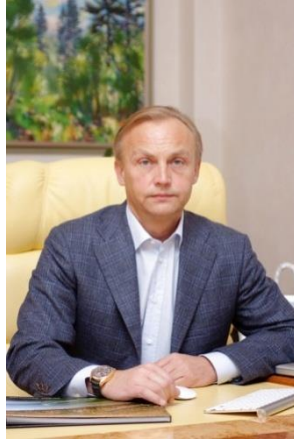
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General information

Name of the Parent Company	OLAINFARM
Legal status of the Parent Company	JOINT STOCK COMPANY
Unified registration number, place and date of registration of the Parent Company	40003007246 Riga, 10 June 1991 (re-registered on 27 March 1997)
Registered office of the Parent Company	Rūpnīcu iela 5 Olaine, Latvia, LV-2114
Major shareholders of the Parent Company	Valērijs Maligins - 29.24% SIA Olmafarm - 42.56% Swedbank AS Clients account – 12.64% (Formerly AS Swedbank)

Board

The Supervisory Council elects the Management Board of AS OlainFarm for five years. When selecting the members of the Management Board, the Council assesses experience of candidates in team management, in particular area of responsibility of a candidate and in the pharmaceutical sector in general.

Valērijs Maligins

Valērijs Maligins is the Chairman of the Management Board of AS OlainFarm. He has obtained a Doctoral Degree in Economics at NewPort International University, Baltic Center (2007), as well as a Master's Degree in economics and social sciences (University of Latvia, 2002), Bachelor's degree in economics and finances (RSEBAA 1998). V. Maligins has more than 20 years of experience in pharmaceutical sector, 14 of them in management positions at AS OlainFarm.

Positions held in other companies:

SIA Olmafarm, Chairman of the Board
Hunting Club Vitkupe, Board Member

Participation in other companies:

SIA Lano Serviss (25.04%)
SIA Vega MS (60%)
SIA Briz (12.48%)
SIA Olfa Press (45%)
SIA Carbochem (50%)
SIA Aroma (75%)
SIA Olmafarm (100%)
SIA Escargot (33.50%)
SIA Olalex (50%)
OOO OLFA (51%)

Number of shares of AS OlainFarm owned (as of June 30, 2013):

- Directly: 4 118 244
- Indirectly (through SIA Olmafarm): 5 994 054
- Total: 10 112 298

Jeļena Borcova



Jeļena Borcova is a member of the Company's Management Board and a qualified person. J. Borcova has a degree in Pharmacy (Medical Institute of Riga, 1988). J. Borcova has more than 15 years of experience in pharmaceutical production.

Positions held in other companies: none

Participation in other companies: none

Number of shares of AS OlainFarm owned (as of June 30, 2013): 0

Inga Liščika



Inga Liščika is a member of the Company's Management Board and a Finance director. I. Liščika has been studying the Professional Management programme at English „Open University“. I. Liščika is a Master of Business Economics (Riga Technical University 1997) and a civil engineer (1995). I. Liščika has been working at AS OlainFarm for more than 10 years.

Positions held in other companies:

SIA Pharma and Chemistry Competence Centre of Latvia, Council Member

AS Lege Artis Rīga, Council Member;

SIA First Class Lounge, Board Member

SIA Olalex, Board Member

SIA Carbochem, Board Member

Participation in other companies: none

Number of shares of AS OlainFarm owned (as of June 30, 2013): 1 302

Salvis Lapiņš



Salvis Lapiņš is a member of the Company's Management Board, and a manager of Investor relations. He has been studying business in RSEBAA and law at the University of Latvia. He has been actively working in financial and pharmaceutical sectors since 1995.

Positions held in other companies: none

Participation in other companies:

SIA Baltic Team-Up (50%)

Number of shares of AS OlainFarm owned (as of June 30, 2013): 49 953

Veranika Dubitskaya



Veronika Dubicka (Veranika Dubitskaya) has worked in the Company's representative office in Belarus since 2005. Till 2006 V. Dubitskaya held a post of the medical representative, since 2006 till July, 2009 a post of the manager, and since July, 2009 till May, 2011 was the principal of the company's representative office in Belarus.

Positions held in other companies: none

Participation in other companies: none

Number of shares of AS OlainFarm owned (as of June 30, 2013): 0

Council

The Supervisory Council of AS OlainFarm is elected by the General Meeting of Shareholders for 5 years. The Supervisory Council is a supervising institution, representing interests of the shareholders between the meetings of shareholders. Main tasks of the Supervisory Council include supervising the Management Board, and these are the main requirements that are taken into account when shareholders propose new members of the Council.

The Supervisory Council sets the remuneration for the members of the Management Board, while the remuneration of the Council itself is set by the General Meeting of Shareholders.

Valentina Andreeva

Valentina Andreeva, the Chairman of the Council

Valentina Andreeva, the Doctor of Economics of the Riga Technical University (Dr.oec.) - 2006, and has also degree of Master of Economic Sciences in management of the enterprise activity, received at the Riga Technical University in 2001, a speciality of the engineer-economist which she received in 1976 at the Riga Polytechnical Institute.

Positions held in other companies: none

Participation in other companies: none

Number of shares of AS OlainFarm owned (as of June 30, 2013): 0

Jelena Dudko, Deputy Chairperson of the Council

Jelena Dudko is a Strategic Development and Marketing Director of the pharmaceutical company Olfa. In 1996 J.Dudko graduated from a post-graduate course at the Faculty of Therapy and Hematology of the Kiev Medical Academy.

Positions held and participation in other companies:
OOO OLFA (49%)

Number of shares of AS OlainFarm owned (as June 30, 2013): 0

Aleksandrs Raicis

Aleksandrs Raicis is a Deputy Director of the Latvian Association of Medical Wholesalers and a Pharmaceutical Director of SIA Briz. A. Raicis has a degree in Pharmacy from the Riga Medical Institute (1984).

Positions held in other companies:
SIA BRIZ , Board Member

Participation in other companies:
SIA SUPEREURO (17%)
SIA VIP Pharma (50%)
SIA Recesus (30%).
SIA Briz (10.96%)

Number of shares of AS OlainFarm owned (as June 30, 2013): 0

Volodimir Krivozubov

Volodimir Krivozubov is a Director of the Ukrainian OOO Torgoviye Tehnologii. V.Krivozubov has a medical degree from A. Bogomolec Kiev Medical Institute (1984).

Positions held in other companies:

OOO Torgovije Tehnologii (Ukraine), General Director

Participation in other companies: none

Number of shares of AS OlainFarm owned (as of June 30, 2013): 0

Tālis Talents (till April 29, 2013)

Tālis Talents graduated from the Riga Medical Institute, Faculty of Pharmacy (1980), obtained the pharmacist's qualification; won the Manager's qualification at Iskra Business School in Tokyo, Japan (1992).

Positions held in other companies: none

Participation in other companies: none

Number of shares of AS OlainFarm owned (as of June 30, 2013): 0

Gunta Veismane (from April 30, 2013)

Gunta Veismane in 1975 graduated from the Latvian University Faculty of economics, in 1993 year-Harvard University, HBS Management, Strategic management and organisational Psychology course; 1996-MBA, Latvian University

Positions held in other companies: Economics and culture higher school rector

Participation in other companies: none

Number of shares of AS OlainFarm owned (as of June 30, 2013): 0

Movements in the Board during the year
1 January 2013 through
30 June 2013

None

Movements in the Council during the year
1 January 2013 through
30 June 2013

On April 29, 2013 AS OlainFarm Shareholder's Meeting instead of member
Talent place elected Gunta Veismane.

Subsidiaries

SIA Ozols JDR (100%)

Zeiferta iela 18B, Olaine, LV-2114, from 18/10/2010

SIA Olainfarm enerģija (50%)

Rūpnīcu iela 5, Olaine, LV-2114, from 15/09/2010

SIA Pharma and Chemistry Centre of Latvia (11%)

Dzirnavu iela 93-27, Rīga, LV-1011, from 11/08/2010

SIA JUKO 99 (100%)

Celmu iela 3, Rīga, LV-1079, from 28/10/2011

SIA Ilmas Aptieka (100%)

Krišjāņa Barona iela 117, Rīga, LV-1012, from 02/11/2011

SIA Veritas-Farm (100%)

Valkas iela 2a, Daugavpils, LV-5417, from 06/12/2011

AS Lege Artis Rīga (100%)

Rūpnīcu iela 5, Olaine, LV-2114, from 01/12/2011

SIA First Class Lounge (100%)

Baznīcas iela 20/22-10, Rīga, LV-1010, from 23/07/2012

SIA Inula Farma (100%)

Nīcgales iela 47A, Rīga, LV-1035, from 21/12/2011

SIA Vita Plus Aptieka (100%)

Dārza iela 6, Priekule, Priekule nov., LV-4126, from 22/12/2011

SIA Teriaks (100%)

Odzienas iela 1, Priekule, Priekule nov., LV-5120, from 09/02/2012

SIA Aptieka Rudens 10 (100%)

Rūpnīcu iela 5, Olaine, LV-2114, from 24/05/2012

SIA Rudens Laiks (100%)

Rūpnīcu iela 5, Olaine, LV-2114, from 24/05/2012

SIA Esplanāde Farm (100%)

Kandavas iela 4, Daugavpils, LV-5401, from 17/06/2012

**OLAINFARM ILJAÇ VE TIBBI URJUNLERI SANAJI VE TIDŽARET LIMITED
ŞİRKETİ (99%)**

Kırbis Şehitleri. Džadesi Nr.134/1, Daire: 204, Alsandžaka /İZMIRA, Turkey, from 07/02/2012.

SIA „SILVANOLS” (20,1%)

Kurbada iela 2A, Rīga, LV-1009

SIA „Baltā aptieka I.P.I.” (100%)

Krišjāņa Valdemāra iela 70, Rīga, LV-1013, from 05.03.2013.

SIA „Daugavkrasta Farmācija” (100%)

Rūpnīcu iela 5, Olaine, LV-2114, from 18.03.2013.

SIA „Elpa Aptiekas” (100%)

Rušonu iela 15, Rīga, LV-1057, from 11.02.2013.

Subsidiaries	SIA „Mana aptieka” (100%) Rūpnīcu iela 5, Olaine, LV-2114, from 10/04/2013	
	SIA „Trīsdesmit seši un seši” (100%) Rūpnīcu iela 5, Olaine, LV-2114, from 16/04/2013	
	SIA „Jaunjelgavas aptieka” (100%) Rūpnīcu iela 5, Olaine, LV-2114, from 21/05/2013	
Core business activity	Manufacture of basic pharmaceutical products and pharmaceutical preparations	
Audit Committee	Žanna Karaseva	
Financial year	1 January – 30 June 2013	
Auditors	Iveta Vimba Member of the Board Latvian Certified Auditor Certificate No. 153.	SIA Ernst & Young Baltic Muitas iela 1A, Riga Latvia, LV-1010 Licence No. 17

Major shareholders

	Holding (%)
Swedbank AS Clients Account (Formerly AS Swedbank)	12.64%
Olmafarm, SIA	42.56%
V.Maligins	29.24%
Other shareholders	<u>15.56%</u>
Total	100.00%

MANAGEMENT REPORT

General information

During the reporting period changes have been made to the composition of the Concern and it now consists from parent company AS „Olainfarm”, its daughter companies SIA „Ozols JRD”, whose major activities will be related to organizing sports and active leisure events in Olaine, travel agency „First Class Lounge” and pharmaceutical retail companies SIA „Ilmas Aptieka”, SIA „Juko 99”, SIA „Veritas Farm”, SIA „Inula Farma”, a/s „Lege Artis” and SIA „Vita Plus”, SIA „Teriaks Pļaviņu Aptieka”, SIA „Rudens Laiks”, SIA „Rudens 10”, SIA „Esplanāde Farm”, SIA „Balta Aptieka IPI”, SIA „Elpas Aptieka”, SIA „Daugavkrasta Farmācija”. On April 10, 2013 SIA „Mana Aptieka” owning one pharmacy in Olaine, on May 21, 2013 SIA „Jaunjelgavas aptieka” owning one pharmacy in Jaunjelgava and on May 23, 2013 SIA „36,6” owning one pharmacy in Riga were added to the Concern. Since May 31, 2013 AS „Olainfarm” also owns 70,88% shares in leading Latvian food supplement producer

AS „Olainfarm” also owns 50% of shares in daughter company “Olainfarm Energija”, that is engaged in production of electric energy using cogeneration technologies, but since AS does not have a decisive influence, this company is not consolidated into Concern.

The Group is one of the biggest pharmaceutical companies in Latvia with more than 40 years of experience in production of medication and chemical and pharmaceutical products. A basic principle of Group's operations is to produce reliable and effective top quality products for Latvia and the rest of the world. Products made by the Group are being exported to more than 30 countries of the world, including the Baltics, Russia, other CIS, Europe, Asia, North America and Australia.

Corporate mission and vision

Corporate mission:

JSC „Olainfarm” is one of the biggest manufacturers of finished drug forms chemical products in the Baltics. The keystone of our work is manufacturing of reliable and effective high quality products to the whole world. We are about fair and effective cooperation with our customers – patients, doctors, pharmacists and other partners. In achievement of our goals we are creating a team of highly qualified, socially secured and well-motivated employees. Our priority is organizing an environmentally friendly manufacturing and constant increase of the Company's shareholders value.

Corporate vision:

We are aiming to become the leading manufacturer of finished drug forms and chemical-pharmaceutical products in the Baltics and to make our products known and available worldwide.

Operational environment

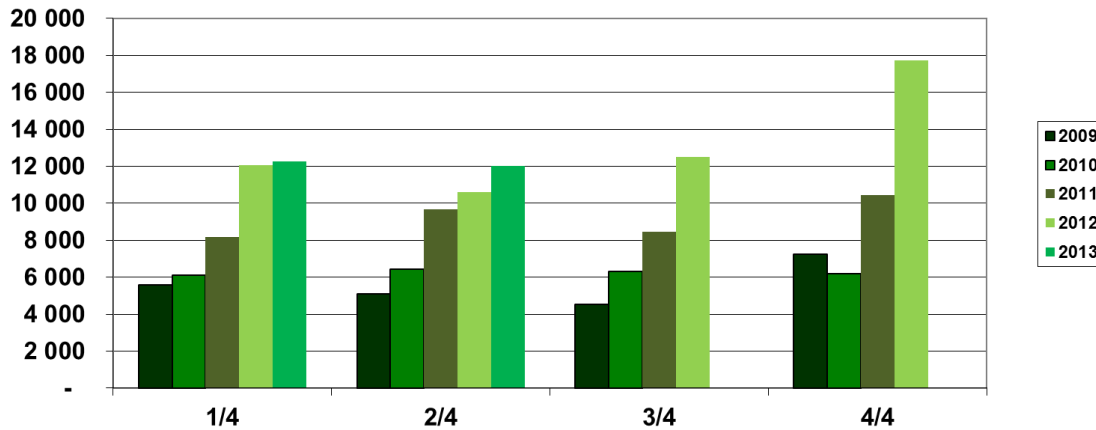
Retail and wholesale of pharmaceutical products is well controlled and regulated in all countries where company operates, therefore, unlike with many other sectors, it is much less subjected to significant political, conjuncture and even economic fluctuations. During the reporting period no major changes took place in company's main retail and wholesale markets and they are not expected in the nearest future. It is of a very poor probability that the tendency that could be observed in several CIS countries to stimulate the demand for locally produced medicines can significantly influence sales of the Company to these countries as several of AS Olainfarm's major products have no locally produced same molecule competitors.

Since most of sales made to Russia, which is Company's major sales market, is done in roubles, which for the second year in a row is losing value against euro, although certain depreciation of rouble is included into price of products, there still remains a risk of foreign exchange loss.

Financial results

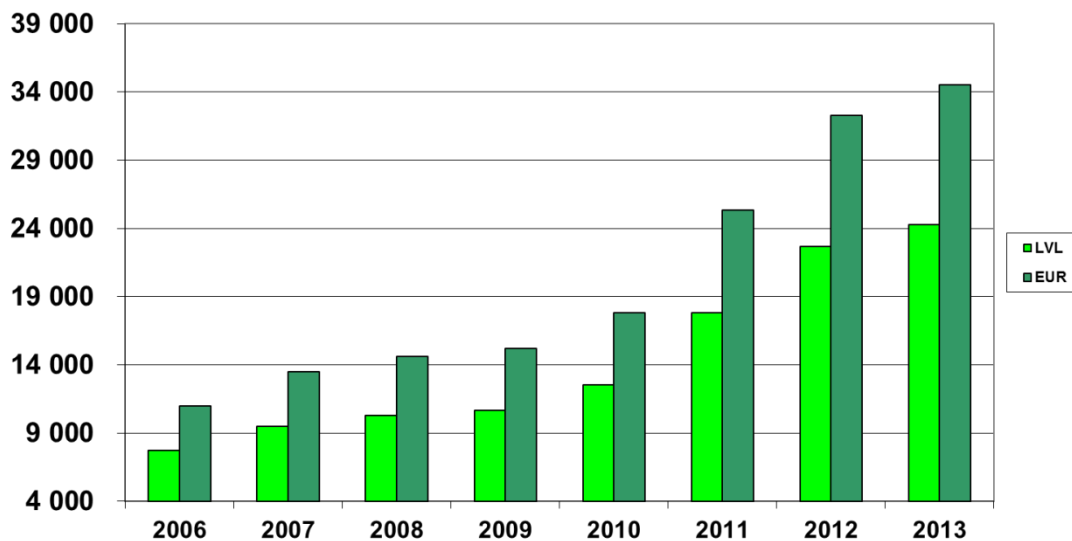
During the second quarter of 2013 sales volumes have grown by 13.3% compared to similar period of 2012 and exceeded 12 million lats (17.1 million euro), which makes this yet another best second quarter in corporate history. This has been achieved despite the fact that during the last quarter of 2012 extra shipments were made to Ukraine, which caused the sales to Ukraine during 1st and 2nd quarter of 2013 be significantly smaller than normally.

Sales by Quarters Thsnd. LVL

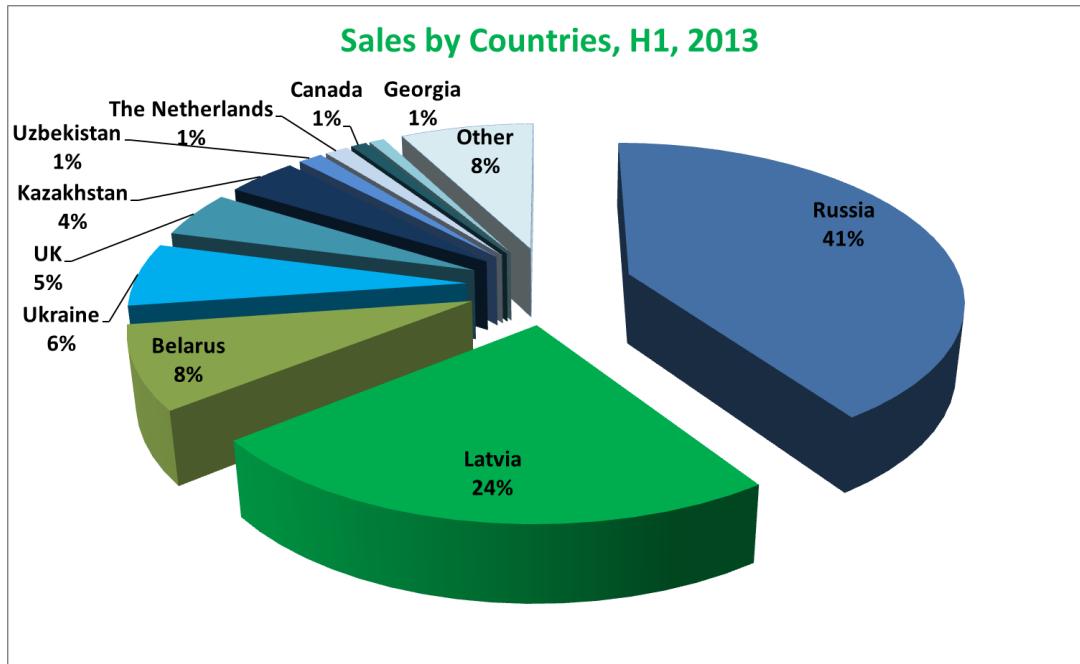


First six months combined in terms of sales have also been the most successful in corporate history. Consolidated sales have reached 24.3 million lats (34.6 million euro), which represents an increase by 7% compared to the respective period of 2012.

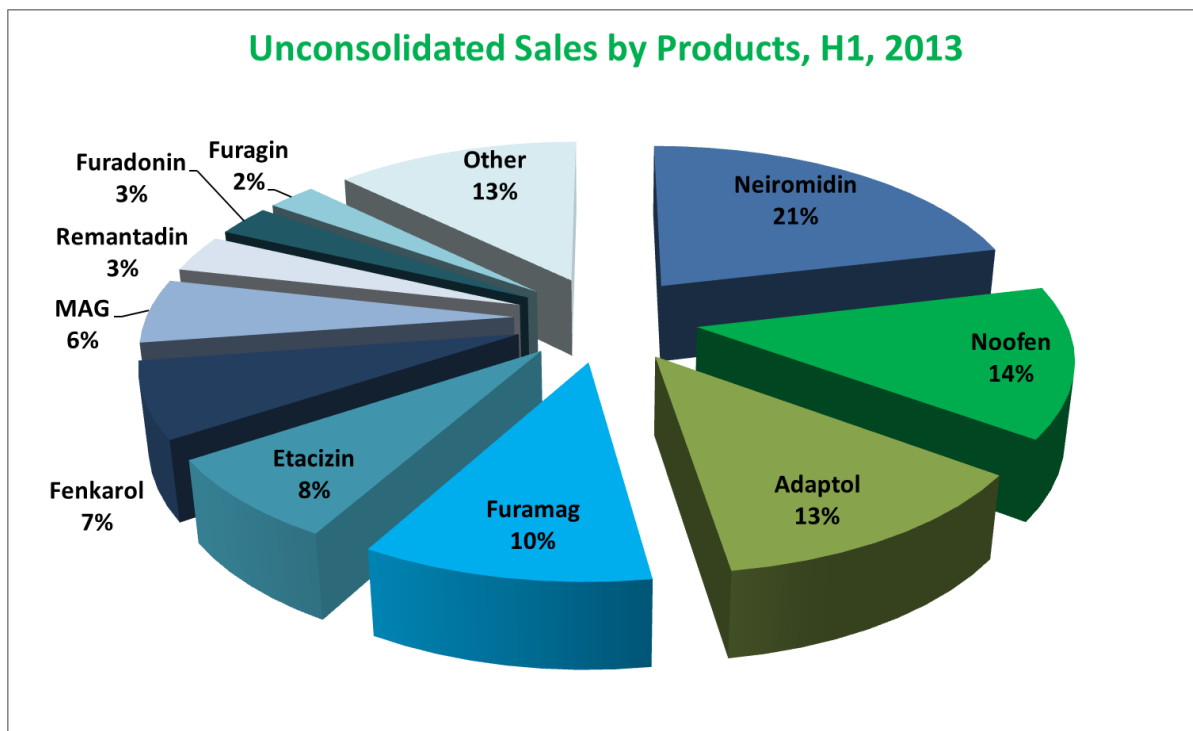
6 Months Sales, Thsnd .



During the 1st half of 2013 sales to all company's main markets continued increasing except for Ukraine, where they shrunk by 63%, compared to 1st half of 2012. As mentioned above, such a reduction was expected as extra shipments were made to that country due to expected import difficulties to maintain the presence of the product. Sales to the UK have fallen by 14%, while all the other major markets demonstrated growth. The most rapid sales increases during the 1st half of 2013 were achieved to The Netherlands, where sales grew by 1982%, Canada by 198%, Belarus by 33%, Latvia by 32% and Russia by 26%. Major sales markets of AS "OlainFarm" during the 1st quarter of 2013 were Russia, Ukraine, Latvia, Belarus and the UK.

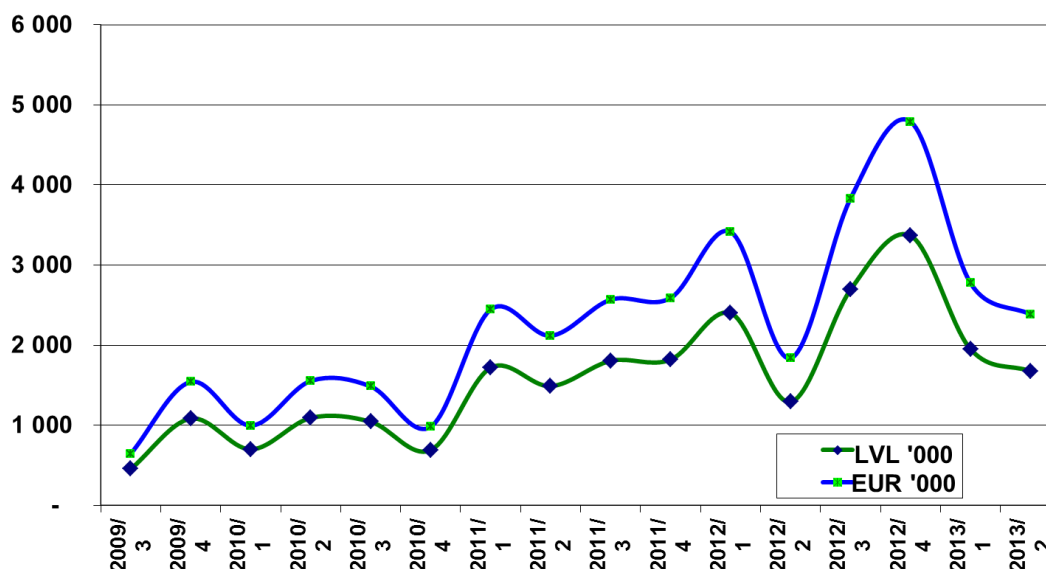


During the first quarter of 2013 no major changes have occurred to the structure of bestselling products, except for share of Neiromidin decreasing to 21% and share of other products increasing to 13% of total unconsolidated sales



Along with the sales record, a new profit record for the second quarter has also been set this year. During the 2nd quarter of 2013 the net profit of 1.68 million lats (2.39 million euro) has been made, which is by almost 30% more than the net profit made the same quarter last year. This record has been set despite the fact that due to adverse foreign exchange fluctuations currency loss made during the 2nd quarter exceeded 400 000 lats.

Profit by Quarters



Although a new profit record was set during the 2nd quarter alone, because of less profitable first quarter the combined result for 6 months in terms of the net profit is a little behind 6 months of 2012. During the first half of this year the Company made a net profit of 3.63 million lats (5.16 million euro), which is by only 1.8% less than a year ago.

This is how other indicators of the company have changed during the first six months :

Financial indicator	30.06.2013.	30.06.2012.	% to previous period
Sales (LVL)	24 286 058	22 677 582	107%
Net profit (LVL)	3 626 573	3 692 776	98%
EBITDA (LVL)	5 440 972	5 350 644	102%
EBIT (LVL)	4 482 764	4 311 382	104%
Sales (EUR)	34 555 947	32 267 292	107%
Net profit (EUR)	5 160 148	5 254 347	98%
EBITDA (EUR)	7 741 806	7 613 280	102%
EBIT (EUR)	6 378 399	6 134 544	104%
EBITDA margin, %	22	24	
Net margin, %	15	16	
EBIT margin, %	18	19	
Profit, last 12 months (LVL)	9 633 786	7 396 293	130%
Profit, last 12 months (EUR)	13 707 643	10 523 977	130%
EBITDA, last 12 months (LVL)	14 065 521	10 643 996	132%
EBITDA, last 12 months (EUR)	20 013 433	15 145 041	132%
ROA, % (last 12 months)	16,4	16,3	
ROE, % (last 12 months)	25,2	23,7	
Current ratio	2,5	3,2	
EPS, LVL (quarter)	0,26	0,26	98%
EPS, EUR (quarter)	0,37	0,37	98%
Share price, end of the period (LVL)	4,91	2,95	166%
Share price, end of the period (EUR)	6,986	4,197	98%
P/E, last 12 months	7,2	5,6	
Market capitalisation at the end of the period (LVL)	69 157 733	41 550 980	166%

Financial indicator	30.06.2013.	30.06.2012.	% to previous period
Market capitalisation at the end of the period (EUR)	98 402 589	59 121 718	166%
P/B	1,81	1,33	

Annual meeting of shareholders of A/s "Olainfarm" held on April 29, 2013 approved operating plan of the Concern. According to it, sales of the Concern in 2012 are planned to be 59 million lats (84 million euros), but the net profit will reach 11.5 million lats (16.4 million euros). According to this unaudited report for 1st half of 2013, during the first six months 41% of annual sales target and 32% of annual profit target is met.

Shares and stock market

Rapid improvement of Company's financial indicators over the last three years are reflected in fluctuations of price of Company's shares on NASDAQ OMX Riga, as during this period the price of share increased by more than 330%. During the reporting period share price mainly fluctuated around 4.8 lats, while during the second quarter it experienced a very rapid increase reaching its all-time high of 5.1 lats (7.256 euro) per share. After the end of the reporting period share price continued increasing and shortly before preparation of this report it reached its historic high of 5.39 lats (7.669 euro). During the reporting period price of share of a/s "Olainfarm" has been fluctuating between 3.66 and 5.1 lats (5.21 and 7.256 euros).

Price of shares of "Olainfarm" on NASDAQ OMX Riga (LVL) (July 2010 – June 2012)



During the first half of this year price of share of a/s "Olainfarm" increased significantly more than OMX Riga index. During these three months OMX Riga index increased by 9.8%, while price for share of "Olainfarm" by 33%, which clearly was one of the most rapid price increases in the Baltic main list

Rebased price of Olainfarm share vs. rebased OMX Riga index
(reporting period)

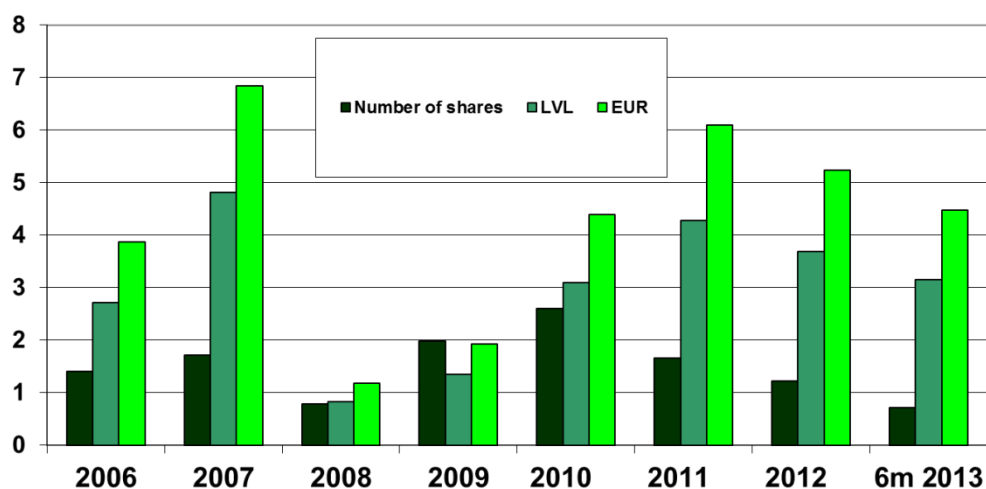


-- OMX Riga

-- AS "OlainFarm"

Since April 12, 2012 bank Finasta provides liquidity for company's shares on Nasdaq OMX Riga. According to the agreement signed with Finasta, it will constantly ensure supply and demand for shares worth 2000 lats, with a spread of 4%. During the reporting period shares of AS "OlainFarm" has been traded for more than 3.1 million lats, which is more than 50% of total turnover on the Main list of Nasdaq OMX Riga.

Trading of Shares on NasdaqOMX Riga, mln.



Development

In February 2013 an agreement was signed with AS „SEB Banka”, whereby the amount of loan was increased by 6.6 million euro. Additional loan was taken in order to finance purchases of pharmacies and other companies related to pharmaceuticals.

In January 2013 Company underwent a regular GMP compliance audit, which resulted in prolonged GMP certification for the company.

During the 1st half of 2013 18 products have been registered in 7 different countries. The work has been started at developing several new final dosage forms, clinical trials of injectable form of Kapikor (Olvazol) are being conducted.

AS "OlainFarm" will be given corporate income tax exemption for approved long term investments made within the project "Introduction of new products and improved exporting capacity". This decision was made on the meeting of Cabinet of Ministers held on May 7, and was based on assessment done by the Ministry of Economy about impact such exemption would have on national economy and local competition. It is planned that the total tax exemption could be as high as 5.21 million lats.

Future outlook

During 2013 and subsequent years company plans to continue all efforts targeted at implementation of new products, entering new markets, making a little more emphasis on cooperation with other producers in distribution of their products on CIS and other markets. The company also intends to expand its network of pharmacies, but at pace somewhat slower than recently.

Shares in SIA "Silvanols" that have been purchased by AS "OlainFarm" will allow company to involve itself more actively in sub-segments of medical devices and food supplements and for development of these sub-segments it intends to apply its marketing and promotion resources in CIS and other countries.

Environment

During the 1st quarter an amendments have been approved to Category A polluting activity license, which was required due to increasing production volumes, consumption of technical water and launch of cogeneration facility.

5th version of industrial emergency prevention plan has been prepared and submitted to Environment Monitoring Agency.

Application has been submitted to obtain licence for greenhouse gas emissions, which will allow AS "OlainFarm" to involve itself into trading with CO2 emission quotas.

Social responsibility

In 2013 the company continued supporting Marupe School of Tennis and football club „Olaime FK”. The company also supports construction of orthodox church in Olaine and is one of the main supporter of Olaine town festival. Recently a support was also provided to the students of “Golden Foundation” of Riga Technical University.

The financial reports were approved by the Board of the Parent company and on its behalf they are signed by


Jelena Borcova
Member of the Board



August 30, 2013

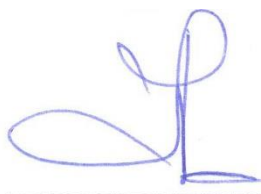
Statement of Responsibility of the Management

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.

For the Board of AS OlainFarm:



Jelena Borcova
Member of the Board



August 30, 2013


Consolidated statement of comprehensive income

	Notes	2013 half-year LVL	2013 half-year EUR	2012 half-year LVL	2012 half-year EUR
Net sales	3	24 286 058	34 555 947	22 677 582	32 267 292
Changes in stock of finished goods and work in progress		866 762	1 233 291	394 209	560 909
Other operating income	4	803 734	1 143 610	507 604	722 255
Cost of materials:					
<i>raw materials and consumables</i>		(5 238 862)	(7 454 229)	(4 883 905)	(6 949 170)
<i>other external costs</i>		(1 339 526)	(1 905 974)	(1 158 887)	(1 648 948)
		(6 578 388)	(9 360 203)	(6 042 792)	(8 598 118)
Staff costs:					
<i>Wages and salaries</i>	8	(4 310 119)	(6 132 747)	(3 676 043)	(5 230 538)
<i>Statutory social insurance contributions</i>	8	(1 040 290)	(1 480 199)	(857 163)	(1 219 633)
		(5 350 409)	(7 612 946)	(4 533 206)	(6 450 171)
Depreciation/ amortization	10,11.	(958 208)	(1 363 407)	(1 039 262)	(1 478 737)
Other operating expense	5	(8 586 785)	(12 217 894)	(7 652 753)	(10 888 887)
Financial income	6	7 213	10 263	27 787	39 537
Financial expense	7	(459 528)	(653 849)	(103 437)	(147 178)
(Loss)/ profit before taxes		4 030 449	5 734 812	4 235 732	6 026 904
Corporate income tax		(404 173)	(575 086)	(542 956)	(772 557)
(Loss)/ profit for the reporting year		3 626 276	5 159 726	3 692 776	5 254 347
Attributable to:					
The equity holders of the Parent Company		3 626 573	5 160 148	3 692 776	5 254 347
Minority		(297)	(423)	-	-
Profit for the reporting year		3 626 573	5 160 148	3 692 776	5 254 347
Basic and diluted earnings per share	9	0.257	0.366	0.262	0.373

*Supplementary information, see also Note 2.

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

For the Board of AS OlainFarm:



 Jelena Borčova
 Member of the Board

August 30, 2013

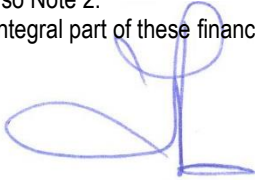
Consolidated statement of financial position


		ASSETS			
	Notes	30.06.2013	30.06.2013	30.06.2012	30.06.2012
		LVL	EUR	LVL	EUR
NON-CURRENT ASSETS					
Intangible assets					
Goodwill	10	3 096 287	4 405 619	2 178 102	3 099 160
Patents	10	22 986	32 706	1 320 608	1 879 055
Licences	10	6 763 000	9 622 882	4 284 000	6 095 583
Other intangible assets	10	1 022 508	1 454 898	774 095	1 101 438
Prepayments for intangible assets		237 407	337 800	176 619	251 306
TOTAL		11 142 188	15 853 905	8 733 427	12 426 547
Property, plant and equipment					
Land, buildings and constructions	11	7 803 638	11 103 577	7 545 088	10 735 693
Equipment and machinery	11	3 152 999	4 486 313	2 740 124	3 898 845
Other tangible assets	11	1 472 750	2 095 534	1 031 638	1 467 889
Construction in progress	11	1 819 098	2 588 343	692 794	985 757
Prepayments for property, plant and equipment		211 803	301 369	84 685	120 496
TOTAL		14 460 288	20 575 136	12 094 329	17 208 680
Financial assets					
Other securities and investments		-	-	7	10
Prepayments for investments		106 389	151 378	1 000	1 423
TOTAL		106 389	151 378	1 007	1 433
TOTAL NON-CURRENT ASSETS		25 708 865	36 580 419	20 828 763	29 636 660
CURRENT ASSETS					
Inventories					
Raw materials		1 505 640	2 142 333	1 290 189	1 835 774
Work in progress		4 810 878	6 845 263	3 645 004	5 186 373
Finished goods and goods for resale		3 645 802	5 187 509	3 247 762	4 621 149
Prepayments for goods		121 532	172 924	127 575	181 523
TOTAL	12	10 083 852	14 348 029	8 310 530	11 824 819
Receivables					
Trade receivables	13	16 843 768	23 966 523	13 312 528	18 942 021
Receivables from related companies		765 401	1 089 068	292 183	415 739
Prepayments to suppliers		595 792	847 736	341 585	486 032
Other receivables		924 883	1 315 990	439 204	624 931
Current loans to management and employees		2 033 943	2 894 040	668 645	951 396
Prepaid expense		79 454	113 053	178 049	253 341
TOTAL		21 243 241	30 226 409	15 232 194	21 673 459
Cash	14	1 372 271	1 952 566	1 012 064	1 440 037
TOTAL CURRENT ASSETS		32 699 364	46 527 003	24 554 788	34 938 316
TOTAL ASSETS		58 408 229	83 107 423	45 383 551	64 574 975

*Supplementary information, see also Note 2.

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

For the Board of AS OlainFarm:


 Jelena Borcova
 Member of the Board



August 30, 2013

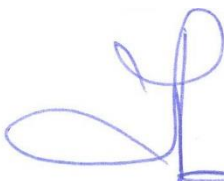
Consolidated statement of financial position


		EQUITY AND LIABILITIES			
	Notes	30.06.2013	30.06.2013	30.06.2012	30.06.2012
EQUITY		LVL	EUR	LVL	EUR
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		18 717 910	26 633 186	11 628 975	16 546 541
for the period		3 626 573	5 160 148	3 692 776	5 254 347
Equity attributable to equity holders of the parent		38 189 269	54 338 434	31 166 537	44 345 987
Non-controlling interest		(297)	(423)	370	526
TOTAL EQUITY		38 188 972	54 338 012	31 166 907	44 346 513
LIABILITIES					
Non-current liabilities					
Loans from credit institutions	16	5 611 981	7 985 130	5 288 862	7 525 373
Deferred corporate income tax liabilities		1 633 955	2 324 909	1 134 551	1 614 321
Finance lease liabilities		90 839	129 252	16 810	23 918
TOTAL		7 336 775	10 439 290	6 440 223	9 163 612
Current liabilities					
Loans from credit institutions	16	5 006 259	7 123 265	1 838 028	2 615 278
Finance lease liabilities		49 116	69 886	18 520	26 352
Prepayments received from customers		104 220	148 292	37 672	53 602
Trade and other payables	18	5 451 745	7 757 134	4 186 141	5 956 342
Payables to related companies		4 015	5 713	293 008	416 913
Taxes payable		1 106 710	1 574 706	433 881	617 357
Corporate income tax		199 069	283 250	411 974	586 186
		353 579	503 098	114 775	163 310
Accrued liabilities		607 769	864 777	442 422	629 510
TOTAL		12 882 482	18 330 120	7 776 421	11 064 850
TOTAL LIABILITIES		20 219 257	28 769 411	14 216 644	20 228 462
TOTAL EQUITY AND LIABILITIES		58 408 229	83 107 423	45 383 551	64 574 975

*Supplementary information, see also Note 2.

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

For the Board of AS OlainFarm:


 Jelena Borcova
 Member of the Board



August 30, 2013

Consolidated statement of cash flow

	2013.half-year		2012.half-year	
	LVL	EUR	LVL	EUR
Cash flows to/from operating activities				
(Loss)/ Profit before taxes	4 030 447	5 734 809	4 235 731	6 026 902
Adjustments for:				
Amortisation and depreciation	906 123	1 289 297	1 007 554	1 433 620
Loss on sale/ disposal of property, plant and equipment	124 240	176 778	13 589	19 335
Decrease in allowances	(180 746)	(257 178)	21 962	31 249
Income from investing activities	(102 090)	(145 261)	-	-
Investing reversal	145 000	206 316	-	-
Interest expenses	31 131	44 295	97 843	139 218
Interest receivable	(7 183)	(10 220)	(5 687)	(8 092)
Operating cash flows before working capital changes	4 946 922	7 038 836	5 370 992	7 642 233
Decrease in inventories	(1 942 372)	(2 763 746)	(1 031 618)	(1 467 860)
Decrease in receivables and prepaid expense	1 085 294	1 544 234	(858 436)	(1 221 444)
Increase in payables and prepayments received	1 285 519	1 829 129	(409 878)	(583 204)
Cash generated from operations	5 375 363	7 648 452	3 071 060	4 369 725
Interest paid	(31 131)	(44 295)	(97 843)	(139 218)
Corporate income tax paid	(690 639)	(982 691)	(765 188)	(1 088 764)
Net cash flows to/ from operating activities	4 653 593	6 621 466	2 208 029	3 141 742
Cash flows to/from investing activities				
Purchase of property, plant and equipment	(2 161 753)	(3 075 897)	(1 617 677)	(2 301 747)
Prepayments for investments	-	-	-	-
Acquisition of subsidiary	(3 849 254)	(5 476 995)	(739 196)	(1 051 781)
Proceeds from sale of intangible assets and property, plant and equipment	6 688	9 516	245	349
Interest receivable	-	-	82	117
Loans granted	(648 928)	(923 341)	(511 825)	(728 261)
Net cash flows to/from investing activities	(6 653 247)	(9 466 718)	(2 868 371)	(4 081 324)
Cash flows to/from financing activities				
Proceeds from issue of shares	(1 507 104)	(2 144 416)	-	-
Payment of financial lease liabilities	(47 633)	(67 776)	-	-
Borrowings repaid	(1 334 964)	(1 899 483)	(654 465)	(931 220)
Proceeds from borrowings	4 469 209	6 359 112	801 474	1 140 395
Net cash flows to/from financing activities	1 579 508	2 247 437	147 009	209 175
Change in cash	(420 146)	(597 814)	(513 333)	(730 407)
Cash at the beginning of the year	1 792 417	2 550 380	1 525 397	2 170 444
Cash at the end of the year	1 372 271	1 952 566	1 012 064	1 440 037

*Supplementary information, see also Note 2.

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

Statement of consolidated changes in equity

	Share capital	Share capital	Share premium	Share premium	Retained earnings/ (Accumulated deficit)	Retained earnings/ (Accumulated deficit)	Total	Total	Retained earnings/ (Accumulated deficit)	Retained earnings/ (Accumulated deficit)	Total	Total
	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
Balance as at 31 December 2012	14 085 078	20 041 260	1 759 708	2 503 839	20 225 013	28 777 601	36 069 799	51 322 700	(297)	(423)	36 069 502	51 322 278
Profit for the reporting year	-	-	-	-	3 626 573	5 160 148	3 626 573	5 160 148	-	-	3 626 573	5 160 148
Exception of profit of the related	-	-	-	-	(1 507 103)	(2 144 414)	(1 507 103)	(2 144 414)	-	-	(1 507 103)	(2 144 414)
Balance as at 30 August 2013	14 085 078	20 041 260	1 759 708	2 503 839	22 344 483	31 793 335	38 189 269	54 338 434	(297)	(423)	38 188 972	54 338 012

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 (please refer to Note 28 Segment information for details of operations).

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 30 August 2013.

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

2. Summary of significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in lats (LVL), the monetary unit of the Republic of Latvia and European Monetary Unit Euro (EUR).

The consolidated financial statements are translated in euros for information purposes only. It is a supplementary information. Lats are pegged to euro as of 1 January 2005 and are translated at a rate of 0.702804 lats per one euro.

The consolidated financial statements of AS OlainFarm and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

Consolidation

The consolidated financial statements comprise the financial statements of AS OlainFarm and its all subsidiaries as at 30 June 2013.

The results of subsidiaries sold and acquired are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

The financial statements of the Parent Company and its subsidiaries are consolidated in the Group's consolidated financial statements by adding together like items of assets and liabilities as well as income and expense. For the purposes of consolidation, unrealised internal profits, intra-group balances, intra-group shareholdings, dividends and other intra-group transactions are eliminated from the Group's financial statements.

2. Summary of significant accounting policies (cont'd)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Changes in accounting policy and disclosures**A) Changes in accounting policy and disclosures**

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group as on 1 January 2013:

- **Amendment to IAS 1 Financial Statement Presentation - Presentation of Items of Other Comprehensive Income** (effective for financial years beginning on or after 1 July 2012)
The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.
- **Amendment to IAS 19 Employee Benefits** (effective for financial years beginning on or after 1 January 2013)
There are numerous amendments to IAS 19, they range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amendment has no impact on the Group's financial position or performance.
- **amendment to IFRS 7 Financial Instruments - Enhanced Derecognition Disclosure Requirements,**
The amendment introduces common disclosure requirements. These disclosures would provide users with information that is useful in evaluating the effect or potential effect of netting arrangements on an entity's financial position. The amendments to IFRS 7 are to be retrospectively applied. The amendment has no impact on the Group's financial position or performance.
- **IFRS 13 Fair Value Measurement**
The main reason of issuance of IFRS 13 is to reduce complexity and improve consistency in application when measuring fair value. It does not change when an entity is required to use fair value but, rather, provides guidance on how to measure fair value under IFRS when fair value is required or permitted by IFRS. The amendment has no impact on the Group's financial position or performance.
- **IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine**
This interpretation applies to stripping costs incurred in the surface mining activity during the production phase of the mine ('production stripping costs'). Interpretation will have no impact on the Group's financial statements, as the Group is not involved in the mining activity.
- **Improvements to IFRSs (effective for financial years beginning on or after 1 January 2013, once endorsed by the EU)**
In May 2012 IASB issued omnibus of necessary, but non-urgent amendments to its five standards:
 - IFRS 1 First-time adoption of IFRS;
 - IAS 1 Presentation of Financial Statements;
 - IAS 16 Property, Plant and Equipment;
 - IAS 32 Financial instruments: Presentation;
 - IAS 34 Interim Financial Reporting.

The adoption of these amendments may result in changes to accounting policies but will not have any impact on the financial position or performance of the Group.

2. Summary of significant accounting policies (cont'd)**Changes in accounting policy and disclosures (cont'd)****B) Standards issued but not yet effective and not early adopted**

The Group has not applied the following IFRS and IFRIC interpretations that have been issued as of the date of authorisation of these financial statements for issue, but which are not yet effective:

Amendment to IAS 28 Investments in Associates and Joint Ventures (effective for financial years beginning on or after 1 January 2014)

As a result of the new standards IFRS 10, IFRS 11 and IFRS 12 this standard was renamed and addresses the application of the equity method to investments in joint ventures in addition to associates. The implementation of this amendment will not have any impact on the financial statements of the Group.

Amendment to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (effective for financial years beginning on or after 1 January 2014)

This amendment clarifies the meaning of "currently has a legally enforceable right to set-off" and also clarifies the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The Group has not yet evaluated the impact of the implementation of this amendment.

IFRS 9 Financial Instruments (effective for financial years beginning on or after 1 January 2015, once endorsed by the EU)

IFRS 9 will eventually replace IAS 39. The IASB has issued the first two parts of the standard, establishing a new classification and measurement framework for financial assets and requirements on the accounting for financial liabilities. The Group has not yet evaluated the impact of the implementation of this standard.

IFRS 10 Consolidated Financial Statements (effective for financial years beginning on or after 1 January 2014)

IFRS 10 establishes a single control model that applies to all entities, including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and, therefore, are required to be consolidated by a parent. Examples of areas of significant judgment include evaluating de facto control, potential voting rights or whether a decision maker is acting as a principal or agent. IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements and replaces SIC 12 Consolidation — Special Purpose Entities. The Group has not yet evaluated the impact of the implementation of this standard.

IFRS 11 Joint Arrangements (effective for financial years beginning on or after 1 January 2014)

IFRS 11 eliminates proportionate consolidation of jointly controlled entities. Under IFRS 11, jointly controlled entities, if classified as joint ventures (a newly defined term), must be accounted for using the equity method. Additionally, jointly controlled assets and operations are joint operations under IFRS 11, and the accounting for those arrangements will generally be consistent with today's accounting. That is, the entity will continue to recognize its relative share of assets, liabilities, revenues and expenses. The Group has not yet evaluated the impact of the implementation of this standard.

IFRS 12 Disclosures of Interests in Other Entities (effective for financial years beginning on or after 1 January 2014)

IFRS 12 combines the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, investments in associates and structured entities into one comprehensive disclosure standard. A number of new disclosures also will be required such as disclosing the judgments made to determine control over another entity. The Group has not yet evaluated the impact of the implementation of this standard.

Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities (effective for financial years beginning on or after 1 January 2014, once endorsed by the EU)

The amendments apply to entities that qualify as investment entities. The amendments provide an exception to the consolidation requirements of IFRS 10 by requiring investment entities to measure their subsidiaries at fair value through profit or loss, rather than consolidate them. The implementation of this amendment will not have any impact on the financial statements of the Group, as the parent of the Group is not an investment entity.

2. Summary of significant accounting policies (cont'd)**Changes in accounting policy and disclosures (cont'd)****IFRIC Interpretation 21: Levies**

The interpretation is effective for annual periods beginning on or after 1 January 2014. The Interpretations Committee was asked to consider how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. This Interpretation is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This interpretation has not yet been endorsed by the EU.

IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets

This amendment is effective for annual periods beginning on or after 1 January 2014. In developing IFRS 13 the IASB decided to amend IAS 36 to require the disclosure of information about the recoverable amount of impaired assets, particularly if that amount is based on fair value less costs of disposal. In particular, instead of requiring an entity to disclose the recoverable amount of an asset (including goodwill) or a cash-generating unit for which a material impairment loss was recognised or reversed during the reporting period, the amendment made to IAS 36 required an entity to disclose the recoverable amount of each cash generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant in comparison with the entity's total carrying amount of goodwill or of intangible assets with indefinite useful lives. This amendment has not yet been endorsed by the EU.

- **IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (amendment)**

This amendment is effective for annual periods beginning on or after 1 January 2014. Under the amendment there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. The IASB made a narrow-scope amendment to IAS 39 to permit the continuation of hedge accounting in certain circumstances in which the counterparty to a hedging instrument changes in order to achieve clearing for that instrument.

The Group plans to adopt the above mentioned standards and interpretations on their effectiveness date provided they are endorsed by the EU.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Patents

Patents have been granted for a particular period by the relevant government agency. Patents are measured on initial recognition at cost. Following initial recognition patents are carried at cost less accumulated amortization and any impairment loss. Patents have been assigned a finite period of useful life (20 years) and are depreciated on a straight line basis over the period of the patent. Please see Note 10 for details on acquired patents.

3. Net sales

<i>By business segments</i>	2013 half-year		2012 half-year	
	LVL	EUR	LVL	EUR
Finished form medicine	17 330 155	24 658 589	16 958 260	24 129 430
Chemicals	3 444 046	4 900 436	3 191 933	4 541 711
Sales of pharmacies	2 195 568	3 124 012	2 249 230	3 200 366
Wholesale	1 316 289	1 872 911	278 159	395 785
TOTAL:	24 286 058	34 555 947	22 677 582	32 267 292

<i>By geographical segments</i>	2013 half-year		2012 half-year	
	LVL	EUR	LVL	EUR
CIS	15 619 599	22 224 687	18 542 424	26 383 492
Latvia	5 937 319	8 448 044	1 283 413	1 826 132
Europe	2 157 932	3 070 461	1 565 366	2 227 315
Baltic states (Lithuania and Estonia)	215 712	306 931	257 233	366 010
Other	355 496	505 825	1 029 146	1 464 343
TOTAL:	24 286 058	34 555 947	22 677 582	32 267 292

4. Other operating income

	2013 half-year		2012 half-year	
	LVL	EUR	LVL	EUR
Income of services in packing	185 055	263 310	-	-
Income from travel services of subsidiary	77 660	110 500	-	-
Lease of premises	64 034	91 112	6 344	9 027
Sale of current assets	57 829	82 283	36 465	51 885
Income of services*	41 829	59 517	84 513	120 251
Incomes from catering services	35 512	50 529	22 983	32 702
Gains from sale of non-current assets	23 537	33 490	-	-
Income of transport services	18 041	25 670	13 501	19 210
Treatment of waste water	6 404	9 112	-	-
Royalty	2 023	2 878	2 415	3 436
Other operating income	291 810	415 208	341 383	485 744
TOTAL:	803 734	1 143 610	507 604	722 255

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

5. Other operating expense

	2013 half-year		2012 half-year	
	LVL	EUR	LVL	EUR
Marketing expense	5 594 959	7 960 909	5 191 850	7 387 337
Other distribution costs	142 540	202 816	104 395	148 541
Transportation expense	96 190	136 866	84 639	120 430
Other distribution costs of Chemicals	88 516	125 947	136 079	193 623
Royalty	74 261	105 664	73 428	104 479
Sales commissions	16 744	23 825	34 468	49 044
Expert analysis of medicines	21 011	29 896	22 921	32 614
<i>Total distribution costs:</i>	<i>6 034 221</i>	<i>8 585 923</i>	<i>5 647 780</i>	<i>8 036 067</i>
Write-offs of current assets	288 452	410 430	252 566	359 369
Business trips	280 422	399 005	178 892	254 540
Cost of travel services	199 670	284 105	-	-
Car fleet maintenance	188 949	268 850	183 869	261 622
Information and business consulting	167 347	238 113	61 307	87 232
Representation expense	139 726	198 812	68 585	97 588
Security	119 445	169 955	106 298	151 248
Donations	117 558	167 270	51 100	72 709
Bank charges	87 164	124 023	24 245	34 498
Insurance	73 491	104 568	62 822	89 388
Education	62 811	89 372	45 556	64 820
Flowers and gifts	61 314	87 242	38 093	54 201
Other administrative expense	60 393	85 932	50 417	71 737
Social infrastructure	59 796	85 082	57 706	82 108
New product research and developments costs	52 819	75 155	59 336	84 428
Expense of registration of products	47 346	67 367	36 482	51 909
Communications expense	40 712	57 928	43 973	62 568
Other taxes	38 801	55 209	38 235	54 404
Write-offs and disposal of tangible assets	31 329	44 577	12 419	17 671
Legal expense	27 032	38 463	42 700	60 757
Allowances to staff	26 646	37 914	19 505	27 753
Office expense	18 917	26 916	21 683	30 852
Shares listing costs	15 982	22 740	14 854	21 135
Laboratory tests	12 637	17 981	7 038	10 014
Natural resources expense	9 925	14 122	17 488	24 883
Other operating expense	323 880	460 840	509 804	725 386
TOTAL:	8 586 785	12 217 894	7 652 753	10 888 887

6. Financial income

	2013 half-year		2012 half-year	
	LVL	EUR	LVL	EUR
Currency exchange gain, net	7 184	10 222	5 605	7 975
Loan interest payments	29	41	82	117
Interest accrued on bank account balances	-	-	21 870	31 118
Received penalties	-	-	230	327
TOTAL:	7 213	10 263	27 787	39 537

7. Financial expense

	2013 half-year		2012 half-year	
	LVL	EUR	LVL	EUR
Currency exchange loss, net	399 965	569 099	-	-
Loan interest expenses	34 131	48 564	97 843	139 219
Penalties paid for late payments	25 432	36 186	5 594	7 960
TOTAL:	459 528	653 849	103 437	147 178

8. Staff costs and number of employees

	2013 half-year		2012 half-year	
	LVL	EUR	LVL	EUR
Wages and salaries	4 310 119	6 132 747	3 676 043	5 230 538
Statutory social insurance contributions	1 040 290	1 480 199	857 163	1 219 633
TOTAL:	5 350 409	7 612 946	4 533 206	6 450 171

	30/06/2013	30/06/2012
Average number of employees during the reporting year	1 203	1 037

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:

	2013 half-year		2012 half-year	
	LVL	EUR	LVL	EUR
Net result attributable to shareholders	3 626 571	5 160 146	3 692 776	5 254 347
Weighted average number of ordinary shares	14 085 078	14 085 078	14 085 078	14 085 078
Earnings per share	0.257	0.366	0.262	0.373

	2013.half-year	2012.half-year
No of shares at the beginning of respective year	14 085 078	14 085 078
No of shares at the year end	14 085 078	14 085 078
Weighted average No of ordinary shares	14 085 078	14 085 078

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

10. Intangible assets

		Goodwill		Pharmacy licenses and lease contracts		Patents		Other intangible assets		TOTAL	
		LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
Acquisition value as at 31/12/2012		1 480 774	2 106 952	4 363 000	6 207 990	2 959 742	4 211 333	1 619 921	2 304 939	10 423 437	14 831 214
Additions		-	-	-	-	3 087	4 392	98 238	139 780	101 325	144 172
2013. half-year	Acquisition value of Intangible assets of subsidiaries purchased in 2012	1 615 513	2 298 668	2 400 000	3 414 892	-	-	16 204	23 056	4 031 717	5 736 616
Disposals		-	-	-	-	-	-	(73 057)	(103 951)	(73 057)	(103 951)
Acquisition value as at 30/06/2013		3 096 287	4 405 619	6 763 000	9 622 882	2 962 829	4 215 726	1 661 306	2 363 824	14 483 422	20 608 052
Accumulated amortisation as at 31/12/2012		-	-	-	-	2 858 313	4 067 013	563 266	801 455	3 421 579	4 868 468
Amortisation		-	-	-	-	81 530	116 007	122 620	174 473	204 150	290 479
2013. half-year	Reclassification from tangible assets	-	-	-	-	-	-	-	-	-	-
Amortisation of disposals		-	-	-	-	-	-	(47 088)	(67 000)	(47 088)	(67 000)
Accumulated amortisation as at 30/06/2013		-	-	-	-	2 939 843	4 183 020	638 798	908 928	3 578 641	5 091 947
Net carrying amount as at 30/06/2013		3 096 287	4 405 619	6 763 000	9 622 882	22 986	32 706	1 022 508	1 454 898	10 904 782	15 516 106

		Goodwill		Pharmacy licenses and lease contracts		Production technologies*		Other intangible assets		TOTAL	
		LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR	LVL	EUR
Acquisition value as at 31/12/2011		1 417 185	2 016 473	3 980 000	5 663 030	2 940 990	4 184 652	1 000 098	1 423 010	9 338 273	13 287 164
Additions		-	-	-	-	11 448	16 289	271 078	385 708	282 526	401 998
2012. half-year	Acquisition value as at 30/06/2012 of subsidiary	760 917	1 082 687	304 000	432 553	-	-	-	-	1 064 917	1 515 240
Disposals		-	-	-	-	-	-	(13 245)	(18 846)	(13 245)	(18 846)
Acquisition value as at 30/06/2012		2 178 102	3 099 160	4 284 000	6 095 583	2 952 438	4 200 941	1 257 931	1 789 874	10 672 471	15 185 557
Accumulated amortisation as at 31/12/2011		-	-	-	-	1 551 402	2 207 446	400 993	570 562	1 952 395	2 778 008
Amortisation		-	-	-	-	80 428	114 439	95 982	136 570	176 410	251 009
2012. half-year	Amortisation of disposals	-	-	-	-	-	-	(13 139)	(18 695)	(13 139)	(18 695)
Accumulated amortisation as at 30/06/2012		-	-	-	-	1 631 830	2 321 885	483 836	688 437	2 115 666	3 010 322
Net carrying amount as at 31/12/2011		1 417 185	2 016 473	3 980 000	5 663 030	1 389 588	1 977 206	599 105	852 450	7 385 878	10 509 158
Net carrying amount as at 30/06/2012		2 178 102	3 099 160	4 284 000	6 095 583	1 320 608	1 879 056	774 095	1 101 438	8 556 805	12 175 237

11. Property, plant and equipment

LVL

	Land	Buildings and constructions	Equipment and machinery	Other tangible assets	Construction in progress	TOTAL
Acquisition value as at 31/12/2012	145 782	15 727 825	12 981 140	2 775 404	975 408	32 605 558
Additions	-	96 226	743 166	396 308	874 762	2 110 462
2013. Acquisition value of Property, plant and equipment of subsidiaries purchased in 2013	-	98 858	262 139	167 101	-	528 098
half-year Liquidation	-	-	(136 749)	(134 288)	(17 255)	(288 292)
Reversed impairment	-	-	-	-	-	-
Reclassification of reversed impairment	-	-	84	-	-	84
Reclassification	-	13 817	6 745	(6 745)	(13 817)	-
Acquisition value as at 30/06/2013	145 782	15 936 726	13 856 525	3 197 780	1 819 098	34 955 910
Accumulated depreciation as at 31/12/2012	-	7 936 399	10 370 260	1 671 803	-	19 978 462
Depreciation	-	342 471	465 220	182 982	-	990 673
2013. Reclassification	-	-	2 814	(2 814)	-	-
half-year Depreciation of disposals	-	-	(134 768)	(126 941)	-	(261 709)
Reversed impairment	-	-	-	-	-	-
Accumulated depreciation as at 30/06/2013	-	8 278 870	10 703 526	1 725 030	-	20 707 426
Net carrying amount as at 31/12/2012	145 782	7 791 426	2 610 880	1 103 601	975 408	12 627 096
Net carrying amount as at 30/06/2013	145 782	7 657 856	3 152 999	1 472 750	1 819 098	14 248 484

	Land	Buildings and constructions	Equipment and machinery	Other tangible assets	Construction in progress	TOTAL
Acquisition value as at 31/12/2011	109 826	14 027 907	12 402 816	2 462 099	854 852	29 857 500
Additions	4 847	44 739	517 160	386 150	836 343	1 789 239
2012 half-year Acquisition value as at 30/06/2012 of subsidiary	-	4 220	-	2 143	-	6 363
Liquidation	-	(29 970)	(113 507)	(104 352)	(1 310)	(249 139)
Reclassification of reversed impairment	-	-	1 686	-	-	1 686
Reclassification	-	997 091	900	(900)	(997 091)	-
Acquisition value as at 30/06/2012	114 673	15 043 987	12 809 055	2 745 140	692 794	31 405 649
Accumulated depreciation as at 31/12/2011	-	7 341 828	9 764 987	1 650 048	-	18 756 863
2012 half-year Depreciation	-	297 425	416 282	160 926	-	874 633
Depreciation of disposals	-	(25 601)	(112 338)	(97 472)	-	(235 411)
Accumulated depreciation as at 30/06/2012	-	7 613 652	10 068 931	1 713 502	-	19 396 085
Net carrying amount as at 31/12/2011	109 826	6 686 079	2 637 829	812 051	854 852	11 100 637
Net carrying amount as at 30/06/2012	114 673	7 430 335	2 740 124	1 031 638	692 794	12 009 564

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

	Land	Buildings and constructions	Equipment and machinery	Other tangible assets	Construction in progress	TOTAL
Acquisition value as at 31/12/2012	207 429	22 378 679	18 470 498	3 949 044	1 387 881	46 393 530
Additions	-	136 917	1 057 430	563 895	1 244 674	3 002 917
2013. half-year Acquisition value of Property, plant and equipment of subsidiaries purchased in 2013	-	140 662	372 990	237 763	-	751 416
Liquidation	-	-	(194 576)	(191 075)	(24 552)	(410 203)
Reclassification	-	19 660	9 597	(9 597)	(19 660)	-
Acquisition value as at 30/06/2013	207 429	22 675 918	19 716 058	4 550 031	2 588 343	49 737 779
Accumulated depreciation as at 31/12/2012	-	11 292 478	14 755 551	2 378 760	-	28 426 789
2013. half-year Depreciation	-	487 292	661 948	260 360	-	1 409 600
Reclassification	-	-	4 004	(4 004)	-	-
Depreciation of disposals	-	-	(191 758)	(180 621)	-	(372 378)
Accumulated depreciation as at 30/06/2013	-	11 779 770	15 229 745	2 454 496	-	29 464 011
Net carrying amount as at 30/06/2013	207 429	10 896 148	4 486 314	2 095 535	2 588 344	20 273 768

	Land	Buildings and constructions	Equipment and machinery	Other tangible assets	Construction in progress	TOTAL
Acquisition value as at 31/12/2011	156 268	19 959 913	17 647 617	3 503 251	1 216 345	42 483 395
Additions	6 897	63 658	735 852	549 442	1 190 009	2 545 858
2012 half-year Acquisition value as at 30/06/2012 of subsidiary	-	6 004	-	3 049	-	9 054
Liquidation	-	(42 643)	(161 506)	(148 480)	(1 864)	(354 493)
Reclassification of reversed impairment	-	-	2 399	-	-	-
Reclassification	-	1 418 733	1 281	(1 281)	(1 418 733)	-
Acquisition value as at 30/06/2012	163 165	21 405 665	18 225 644	3 905 982	985 757	44 686 213
Accumulated depreciation as at 31/12/2011	-	10 446 480	13 894 325	2 347 807	-	26 688 612
2012 half-year Depreciation	-	423 197	592 316	228 977	-	1 244 491
Depreciation of disposals	-	(36 427)	(159 843)	(138 690)	-	(334 960)
Accumulated depreciation as at 31/03/2012	-	10 833 251	14 326 798	2 438 094	-	27 598 143
Net carrying amount as at 31/12/2011	156 268	9 513 433	3 753 293	1 155 444	1 216 345	15 794 783
Net carrying amount as at 30/06/2012	163 165	10 572 414	3 898 846	1 467 888	985 757	17 088 070

* As a result of the detailed review of the Group's property, plant and equipment and intangible assets, several groups of plant and equipment and intangible assets have been reclassified.

The total depreciation and amortisation charge indicated in the comprehensive income statement differs from the total amount of depreciation and amortisation presented in Notes 10 and 11 by LVL 236 615, as the depreciation charge of fixed assets, while the depreciation charge for the Pharmacy assets of LVL 236 615, are disclosed in the comprehensive income statement as other operating expense.

12. Inventories

	30.06.2013		30.06.2012	
	LVL	EUR	LVL	EUR
Work in progress (at cost)	5 241 777	7 458 377	3 908 858	5 561 804
Finished goods and goods for resale (at cost)	3 995 998	5 685 793	3 537 014	5 032 718
Raw materials (at cost)	1 706 154	2 427 638	1 440 844	2 050 136
Prepayments for goods	121 532	172 924	127 575	181 523
TOTAL:	11 065 461	15 744 733	9 014 291	12 826 181
Allowances for work in progress	(430 899)	(613 114)	(263 854)	(375 430)
Allowances for finished goods and goods for resale	(350 196)	(498 284)	(289 253)	(411 570)
Allowances for raw materials	(200 514)	(285 306)	(150 654)	(214 361)
TOTAL:	(981 609)	(1 396 704)	(703 761)	(1 001 362)
TOTAL:	10 083 852	14 348 029	8 310 530	11 824 819

* As at 30 June 2013, the Group's inventories comprised goods on consignment totalling LVL 40 655 (30 June 2012: LVL 49 203).

As at 30 June 2013, all the non-current and current assets owned by the Parent Company were pledged as a security for the loan received (see Note 16). The pledge agreements are registered with the Commercial Pledge Registry.

13. Trade receivables

	30.06.2013		30.06.2012	
	LVL	EUR	LVL	EUR
Trade receivables	16 982 824	24 164 382	13 420 125	19 095 117
Allowances for doubtful trade receivables	(139 056)	(197 859)	(107 597)	(153 097)
TOTAL:	16 843 768	23 966 523	13 312 528	18 942 021

The trade receivables are non-interest bearing and from foreign companies are generally on 91 days' terms, while for the local companies - on 77 days' terms.

14. Cash and short term deposits

	30.06.2013		30.06.2012	
	LVL	EUR	LVL	EUR
Cash at banks and on hand	1 218 861	1 734 283	1 012 064	1 440 037
Cash	153 410	218 283	-	-
	1 372 271	1 952 566	1 012 064	1 440 037

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

Restricted cash is the amount of money withheld by SEB bank as deposit according to the agreement with the Latvian Investment Agency.

	30.06.2013		30.06.2012	
	Foreign currency	LVL	Foreign currency	LVL
Cash by currency profile:				
LVL	-	745 181	-	625 075
EUR	105 987	150 806	302 760	212 781
RUB	21 718 598	356 185	7 613 051	130 183
USD	222 818	120 099	78 337	44 025
KOPĀ:		1 372 271		1 012 064

15. Share capital

The share capital of the Parent Company on 30/06/2013 is LVL 14 085 078 (30/06/2012: LVL 14 085 078) and consists of 14 085 078 (30/06/2012: 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 the bearer. All of the shares have been paid.

16. Loans from credit institutions

Non-current:	Amount		Interest rate (%) as at 30/06/ 2013	Maturity	30.06.2013.	30.06.2013.	30.06.2012.	30.06.2012.
					LVL	EUR	LVL	EUR
Loan from AS SEB banka	12 490 000	EUR	EURIBOR (3-month)+1.2%	01.05.2015	5 027 128	7 152 959	3 716 172	5 287 636
Loan from AS SEB banka	7 011 574	EUR	EURIBOR (3-month)+1.2%	29.09.2014	314 538	447 547	1 572 690	2 237 736
Loan from AS SEB banka	250 000	LVL	EURIBOR (3-month)+3%	13.11.2015	270 315	384 624	-	-
TOTAL:					5 611 981	7 985 130	5 288 862	7 525 373

Current:	Amount		Interest rate (%) as at 30/06/ 2013	Maturity	30.06.2013.	30.06.2013.	30.06.2012.	30.06.2012.
					LVL	EUR	LVL	EUR
Loan from AS SEB banka	12 490 000	EUR	EURIBOR (3-month)+1.2%	01.05.2015	1 453 167	2 067 671	401 602	571 428
Loan from AS SEB banka	7 011 574	EUR	EURIBOR (3-month)+1.2%	29.09.2014	1 258 152	1 790 189	1 258 152	1 790 189
Credit line from AS SEB banka	2 500 000	LVL	RIGIBOR (3-month)+1.42%	01.08.2014	2 124 450	3 022 820	-	-
Credit line from AS SEB banka	250 000	LVL	RIGIBOR (3-month)+3%	13.11.2015	6 685	9 512	-	-
Credit line from AS SEB banka	200 000	LVL	RIGIBOR (3-month)+1.59%	12.01.2014	-	-	-	-
Credit line from AS SEB banka	96 000	EUR	RIGIBOR (3-month)+3.2%	01.09.2015	56 923	80 994	-	-
Credit line from AS SEB banka	301 500	EUR	RIGIBOR (3-month)+1.8%	20.09.2017	106 882	152 079	-	-
Credit line from Nordeabanka	283 315	EUR	EURIBOR (3-month)+1.2%	02.01.2012	-	-	178 274	253 661
TOTAL:					5 006 259	7 123 265	1 838 028	2 615 278

Interest is usually revised on a quarterly basis.

On 15 February 2013 The Parent Company has prolonged agreement with SEB bank for the loan amounting to EUR 6 000 000 (LVL 4 216 824). The new loan amount is EUR 12 490 000 (LVL 8 778 022), with the maturity date 1 May 2015.

17. Accrued liabilities

	30.06.2013		30.06.2012	
	LVL	EUR	LVL	EUR
Vacation pay reserve	405 611	577 132	355 760	506 202
Accruals for energy and gas	60 904	86 659	42 039	59 816
Accruals for marketing services	-	-	22 590	32 143
Other accrued liabilities	141 254	200 986	22 032	31 349
TOTAL:	607 769	864 777	442 421	629 510

18. Trade and other payables

	30.06.2013		30.06.2012	
	LVL	EUR	LVL	EUR
Trade and other payables	4 790 956	6 816 916	3 753 136	5 340 231
Wages and salaries	550 264	782 955	385 077	547 915
Payables for Shares	284	404	-	-
Other payables	110 241	156 859	47 928	68 195
TOTAL:	5 451 745	7 757 134	4 186 141	5 956 342

Terms and conditions of the above liabilities:

- trade payables are non-interest bearing and are normally settled on 36 day terms;
- wages and salaries is a non-interest bearing and have an average term of one month;
- other payables is a non-interest bearing and have an average term of one month.

19. Segment information

For management purposes, the Group is organized into business units based on its products. These financial statements provide information on four operating segments.

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

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

The pharmacy retail segment comprises the sales of medicine through the pharmacy chain of the Group.

The pharmacy wholesale comprises the sales of medicine to retailers.

Under the segment „Chemicals” the Group has stated revenues from the sale of chemical and pharmaceutical substances only to non-Group customers. However, most of the chemicals are used to produce final dosage forms within the Group and revenues generated by them cover the resources invested into non-current assets used for chemical production. The Group does not keep separate books by segments. The segment „Unallocated” relates primarily to the matters managed on a Group basis.

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to the operating segments.

19. Segment information (cont'd)

LVL

	Finished form medicine		Pharmacy wholesale		Chemicals		Pharmacy retail		Unallocated		Total	
	30.06.2013.	30.06.2012.	30.06.2013.	30.06.2012.	30.06.2013.	30.06.2012.	30.06.2013.	30.06.2012.	30.06.2013.	30.06.2012.	30.06.2013.	30.06.2012.
Assets												
Intangible assets	4 107 075	2 345 530	-	-	26 483	2 173 887	5 953 000	3 980 000	1 055 630	234 010	11 142 188	8 733 426
Tangible assets	8 046 295	6 813 720	919	1 116	3 199 401	3 510 098	472 366	296 063	2 741 307	1 473 332	14 460 288	12 094 329
Financial assets	-	-	-	-	-	-	-	-	106 389	1 007	106 389	1 007
Inventories	6 240 041	5 035 841	21 552	22 574	2 481 191	2 594 221	875 891	657 894	465 177	-	10 083 852	8 310 530
Receivables	16 027 382	12 294 390	900 096	83 165	1 594 023	796 074	700 724	311 783	2 021 016	1 746 783	21 243 241	15 232 195
Cash	-	-	-	-	-	-	549 157	279 300	823 114	732 764	1 372 271	1 012 064
Total assets	34 420 794	26 489 481	922 567	106 855	7 301 097	9 074 280	8 551 138	5 525 040	7 212 633	4 187 896	58 408 229	45 383 551
Equity and liabilities												
Total equity	-	-	-	-	-	-	-	-	38 189 269	31 166 537	38 189 269	31 166 537
Minority interest	-	-	-	-	-	-	-	-	(297)	370	(297)	370
Deferred income tax liability	-	-	-	-	-	-	947 674	620 680	686 281	513 871	1 633 955	1 134 551
Loans from credit institution	7 121 769	4 703 747	-	-	2 831 786	2 423 143	277 000	-	387 685	-	10 618 240	7 126 890
Other loans	92 815	20 381	-	-	36 905	10 500	10 235	4 449	-	-	139 955	35 330
Taxes payable	850 912	513 453	-	-	338 343	264 506	72 869	61 657	43 655	6 239	1 305 779	845 855
Prepayments received from customers	24 318	13 811	-	-	28 296	23 862	1 372	-	50 234	-	104 220	37 673
Trade payables	2 452 512	2 027 032	328 804	153 940	975 178	985 102	1 724 905	1 134 842	323 925	-	5 805 324	4 300 916
Payables to related companies	2 873	193 385	-	-	1 142	99 623	-	-	-	-	4 015	293 008
Accrued liabilities	-	-	-	-	-	-	27 597	84 028	580 172	358 394	607 769	442 422
Total equity and liabilities	10 545 198	7 471 810	328 804	153 940	4 211 651	3 806 735	3 061 652	1 905 656	40 260 924	32 045 411	58 408 229	45 383 551
Income statement												
Net turnover	15 907 739	16 960 207	1 220 725	276 590	2 196 162	2 248 852	4 846 142	3 191 933	115 290	-	24 286 058	22 677 582
Changes in stock of finished goods and work in progress	620 168	260 178	-	-	246 594	134 031	-	-	-	-	866 762	394 209
Other operating income	-	-	-	-	-	-	126 772	12 250	676 962	495 354	803 734	507 604
Cost of materials	(3 086 716)	(2 408 040)	-	-	(1 227 353)	(1 240 505)	(2 219 079)	(2 394 247)	(45 240)	-	(6 578 388)	(6 042 792)
Staff costs	(3 266 015)	(2 672 139)	-	-	(1 298 646)	(1 376 557)	(741 444)	(442 660)	(44 304)	(41 850)	(5 350 409)	(4 533 206)
Depreciation/ amortisation and write-offs	(564 623)	(622 049)	(145)	(143)	(224 508)	(320 450)	(25 782)	(23 319)	(143 150)	(73 301)	(958 208)	(1 039 262)
Other operating expense	(5 729 814)	(4 677 074)	-	-	(2 278 312)	(2 409 402)	(359 811)	(270 544)	(218 848)	(295 734)	(8 586 785)	(7 652 754)
Financial income	-	-	-	-	-	-	4 539	-	2 674	27 787	7 213	27 787
Financial expenses	-	-	-	-	-	-	(16 340)	-	(443 188)	(103 437)	(459 528)	(103 437)
Corporate income tax	-	-	-	-	-	-	(10 396)	(1 432)	(393 777)	(541 524)	(404 173)	(542 956)
Net profit/ (loss) for the year	3 880 738	6 841 083	1 220 580	276 447	(2 586 062)	(2 964 030)	1 604 601	71 981	(493 581)	(532 705)	3 626 276	3 692 776

19. Segment information (cont'd)

EUR

	Finished form medicine		Pharmacy wholesale		Chemicals		Pharmacy retail		Unallocated		Total	
	30.06.2013.	30.06.2012.	30.06.2013.	30.06.2012.	30.06.2013.	30.06.2012.	30.06.2013.	30.06.2012.	30.06.2013.	30.06.2012.	30.06.2013.	30.06.2012.
Assets												
Intangible assets	5 843 841	37 682	3 093 163	8 470 356	3 093 163	3 093 163	8 470 356	5 663 030	1 502 026	332 966	15 853 905	12 426 546
Tangible assets	11 448 847	4 552 337	4 994 419	672 116	4 552 337	4 994 419	672 116	421 260	3 900 528	2 096 363	20 575 136	17 208 680
Financial assets	-	-	-	-	-	-	-	-	151 378	1 433	151 378	1 433
Inventories	8 878 779	3 530 416	3 691 244	1 246 281	3 530 416	3 691 244	1 246 281	936 099	661 887	-	14 348 029	11 824 819
Receivables	22 804 910	2 268 090	1 132 711	997 040	2 268 090	1 132 711	997 040	443 627	2 875 647	2 485 448	30 226 409	21 673 461
Cash	-	-	-	781 380	-	-	781 380	397 408	1 171 186	1 042 629	1 952 566	1 440 037
Total assets	48 976 377	37 691 136	1 312 695	152 041	10 388 525	12 911 537	12 167 173	7 861 424	10 262 652	5 958 839	83 107 423	64 574 975
Equity and liabilities												
Total equity	-	-	-	-	-	-	-	-	54 338 434	44 345 987	54 338 434	44 345 987
Minority interest	-	-	-	-	-	-	-	-	(423)	526	(423)	526
Deferred income tax liability	-	-	-	-	-	-	1 348 419	883 148	976 490	731 173	2 324 909	1 614 321
Loans from credit institution	10 026 847	6 692 829	-	-	3 986 915	3 447 822	394 135	-	551 626	-	14 959 524	10 140 651
Other loans	132 063	29 000	-	-	52 512	14 940	14 563	6 330	-	-	199 138	50 270
Taxes payable	1 210 739	730 578	-	-	481 419	376 358	103 683	87 730	62 115	8 877	1 857 956	1 203 543
Prepayments received from customers	34 601	19 651	-	-	40 262	33 953	1 952	-	71 477	-	148 292	53 604
Trade payables	3 596 128	2 884 207	467 846	219 037	1 429 907	1 401 674	2 454 319	1 614 735	460 904	-	8 409 103	6 119 652
Payables to related companies	4 088	275 162	-	-	1 625	141 751	-	-	-	-	5 713	416 913
Accrued liabilities	-	-	-	-	-	-	39 267	119 561	825 510	509 949	864 777	629 510
Total equity and liabilities	15 004 465	10 631 428	467 846	219 037	5 992 639	5 416 496	4 356 338	2 711 504	57 286 134	45 596 512	83 107 423	64 574 975
Income statement												
Net turnover	22 634 673	24 132 200	1 736 935	393 552	3 124 857	3 199 828	6 895 439	4 541 711	164 043	-	34 555 947	32 267 292
Changes in stock of finished goods and work in progress	22 634 673	370 200	-	-	350 871	190 709	-	-	-	-	1 233 291	560 909
Other operating income	-	-	-	-	-	-	180 380	17 430	963 230	704 825	1 143 610	722 255
Cost of materials	(4 392 002)	(3 426 332)	-	-	(1 746 365)	(1 765 080)	(3 157 465)	(3 406 707)	(64 371)	-	(9 360 203)	(8 598 118)
Staff costs	(4 647 121)	(3 802 111)	-	-	(1 847 807)	(1 958 664)	(1 054 980)	(629 848)	(63 039)	(59 547)	(7 612 946)	(6 450 171)
Depreciation/ amortisation and write-offs	(803 386)	(885 096)	(206)	(203)	(319 446)	(455 959)	(36 684)	(33 180)	(203 684)	(104 298)	(1 363 407)	(1 478 737)
Other operating expense	(8 152 791)	(6 654 877)	-	-	(3 241 745)	(3 428 270)	(511 965)	(384 949)	(311 393)	(104 298)	(12 217 894)	(10 888 888)
Financial income	-	-	-	-	-	-	6 458	-	(630 600)	39 537	10 263	39 537
Financial expenses	-	-	-	-	-	-	(23 250)	-	(630 600)	(147 178)	(653 849)	(147 178)
Corporate income tax	-	-	-	-	-	-	(14 792)	(2 038)	(560 294)	(770 519)	(575 086)	(772 557)
Net profit/ (loss) for the year	5 521 793	9 733 984	1 736 729	393 349	(3 679 635)	(4 217 435)	2 283 142	102 420	(702 302)	(757 971)	5 159 726	5 254 347

The Group has two customers with revenues amounting to more than 10% each, arising from sales by the finished-form medicine.

Information on geographical segments information

The major part of the Group's assets (approx. 99%) is located in Latvia. Information on sales by geographical segments is provided in Note 3.

20. Financial risk management***Fair value***

Set out below is a comparison by class of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements:

	Carrying amount		Fair value		Carrying amount		Fair value	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	('000 LVL)	('000 LVL)	('000 LVL)	('000 LVL)	('000 EUR)	('000 EUR)	('000 EUR)	('000 EUR)

Financial assets

Cash	1 372	1 012	1 372	1 012	1 952	1 440	1 952	1 440
Trade receivables	16 844	13 313	16 844	13 313	23 967	18 943	23 967	18 943
Other receivables	1 600	959	1 600	959	2 277	1 365	2 277	1 365
Receivables from related companies	765	292	765	292	1 088	415	1 088	415
Current loans to management	2 034	669	2 034	669	2 894	952	2 894	952

Financial liabilities

Interest bearing loans (floating rate)	10 514	7 127	10 514	7 127	14 960	10 141	14 960	10 141
Finance lease liabilities	140	35	140	35	199	50	199	50
Trade payables and other payables	5 665	4 517	5 665	4 517	8 061	6 427	8 061	6 427

The fair value of borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates, which are based on Level 2 measurement.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.