



JOINT STOCK COMPANY OLAINFARM

(UNIFIED REGISTRATION NUMBER 40003007246)

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 12 MONTHS PERIOD ENDED 31 DECEMBER 2013**

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

Olaine, 2014

Contents

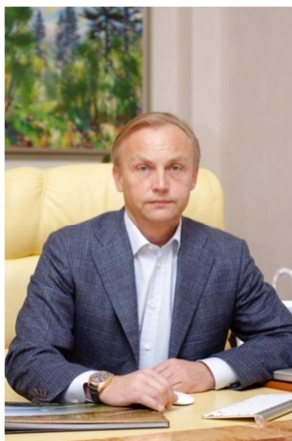
Contents	2
General information	3
Major shareholders	11
Management report	12
Statement of responsibility of the management	20
Interim consolidated statement of comprehensive income	21
Interim consolidated statement of financial position	22
Interim consolidated statement of cash flow	24
Interim consolidated statement of changes in equity	25
Notes to the interim condensed consolidated financial statements	26

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 - 27.13% SIA Olmafarm - 42.56% Swedbank AS Clients account – 12.72% (Formerly AS Swedbank)

Board

The Supervisory Council elects the Management Board of JSC 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 JSC 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 JSC 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 (12.47%)
SIA Olfa Press (45%)
SIA Carbochem (50%)
SIA Aroma (99.21%)
SIA Olmafarm (100%)
SIA Escargot (33.50%)
SIA Olalex (50%)
SIA Energo Capital (50%)
OOO OLFA (51%)

Number of shares of JSC OlainFarm owned (as of December 31, 2013):

- Directly: 3 821 266
- Indirectly (through SIA Olmafarm): 5 994 054
- Total: 9 815 220

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 JSC OlainFarm owned (as of December 31, 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 JSC 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 JSC OlainFarm owned (as of December 31, 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.

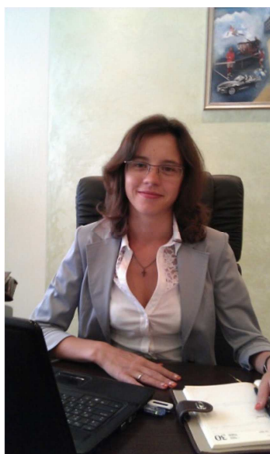
Positions held in other companies:

SIA Silvanols, Board Member (from May 30, 2013 till April 04, 2013)

Participation in other companies:

SIA Baltic Team-Up (50%)

Number of shares of JSC OlainFarm owned (as of December 31, 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 JSC OlainFarm owned (as of December 31, 2013): 0

Council

The Supervisory Council of JSC 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 JSC OlainFarm owned (as of December 31, 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 JSC OlainFarm owned (as December 31, 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 VIP Pharma (50%)
SIA Recesus (30%).
SIA Briz (10.95%)

Number of shares of JSC OlainFarm owned (as December 31, 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 JSC OlainFarm owned (as of December 31, 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 JSC OlainFarm owned (as of December 31, 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 JSC OlainFarm owned (as of December 31, 2013): 0

Movements in the Board during the reporting period

None

Movements in the Council during the reporting period

On April 29, 2013 JSC OlainFarm Shareholder's Meeting elected Gunta Veismane as the Council member instead of member Tālis Talents.

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%)

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

SIA Latvijas 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 İljaç Ve Tibbi Urjunleri Sanayi Ve Ticaret Limited Şirketi (99%)

Kibris Şehitleri Caddesi No 134/1 Daire: 204, Alsancak/Izmir, Turkey, from 07/02/2012.

SIA „SILVANOLS” (70.88%)

Kurbada iela 2A, Rīga, LV-1009, from 31/05/2013

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	
	SIA „Sabiedrības „ARS” Aptieka” (100%) Rūpnīcu iela 5, Olaine, LV-2114, from 25/11/2013	
	SIA „Priekules aptieka” (100%) Rūpnīcu iela 5, Olaine, LV-2114, from 29/10/2013	
	SIA „Traumu Aptieka” (100%) Rūpnīcu iela 5, Olaine, LV-2114, from 12/11/2013	
Core business activity	Manufacture of basic pharmaceutical products and pharmaceutical preparations	
Audit Committee	Žanna Karaseva	
Financial period	1 January – 31 December 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)	12.72%
Olmafarm, SIA	42.56%
V.Maligins	27.13%
Other shareholders	<u>17.59%</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”. SIA „Mana Aptieka”, SIA „Jaunjelgavas”, SIA „36,6” SIA „Sabiedrības „ARS” Aptieka”, SIA „Traumu Aptieka” and SIA „Priekules Aptieka”. Since May 31, 2013 AS „Olainfarm” also owns 70.88% shares in leading Latvian food supplement producer SIA „Silvanols”.

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.

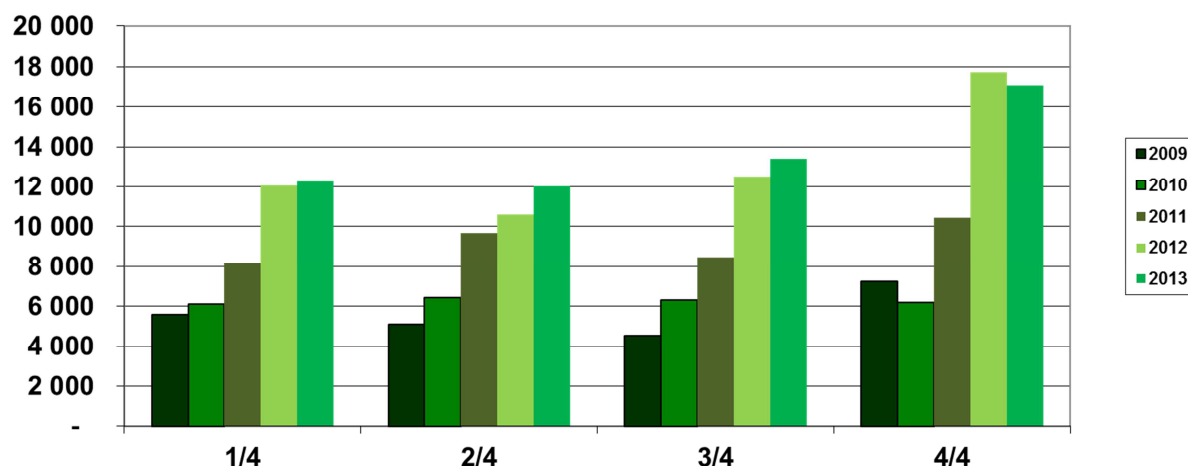
Operational environment

During the reporting period no significant changes have occurred in company's main wholesale and retail markets, except some adverse fluctuations of Russian rouble, which had a negative impact on profitability of the company. No major changes are also 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. All major wholesale and retail markets of the company grew by 4-15% per annum. No major decisions that could have an adverse impact on company's performance have been taken. In Ukraine, however, which is the second biggest sales market for products of the company, a significant economic and political instability can be observed, which in short term can have a negative impact on company's sales to this country.

Financial results

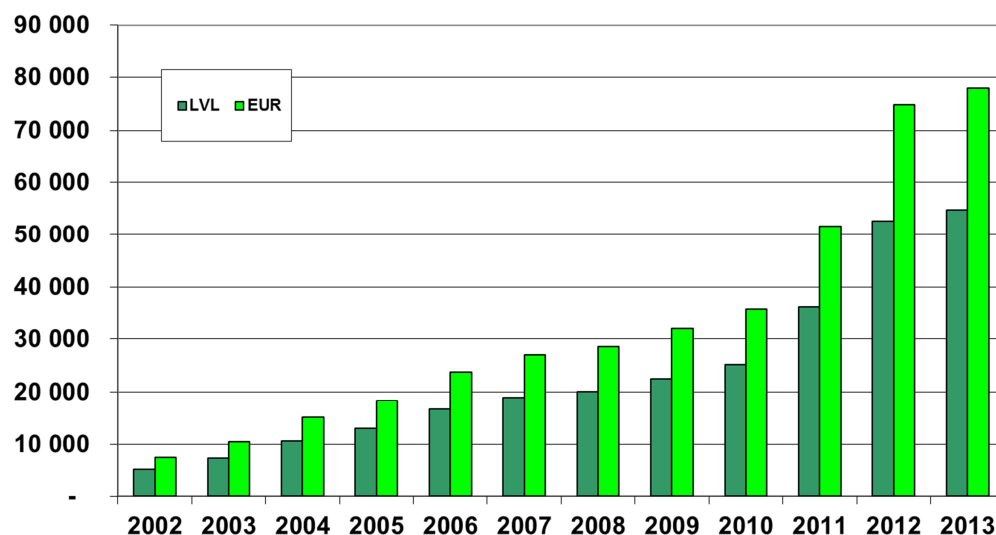
During the 4th quarter of 2013 the sales of company shrank by a little more than 3% and reached 17.1 million lats (24.3 million euros) which makes this the second most successful quarter in a corporate history. Besides, unlike in the last quarter of 2012, when extra shipments were made to Ukraine, which artificially increased the sales in that quarter, no additional shipments have been made during 4th quarter of 2013.

Sales By Quarters, Thsnd. LVL

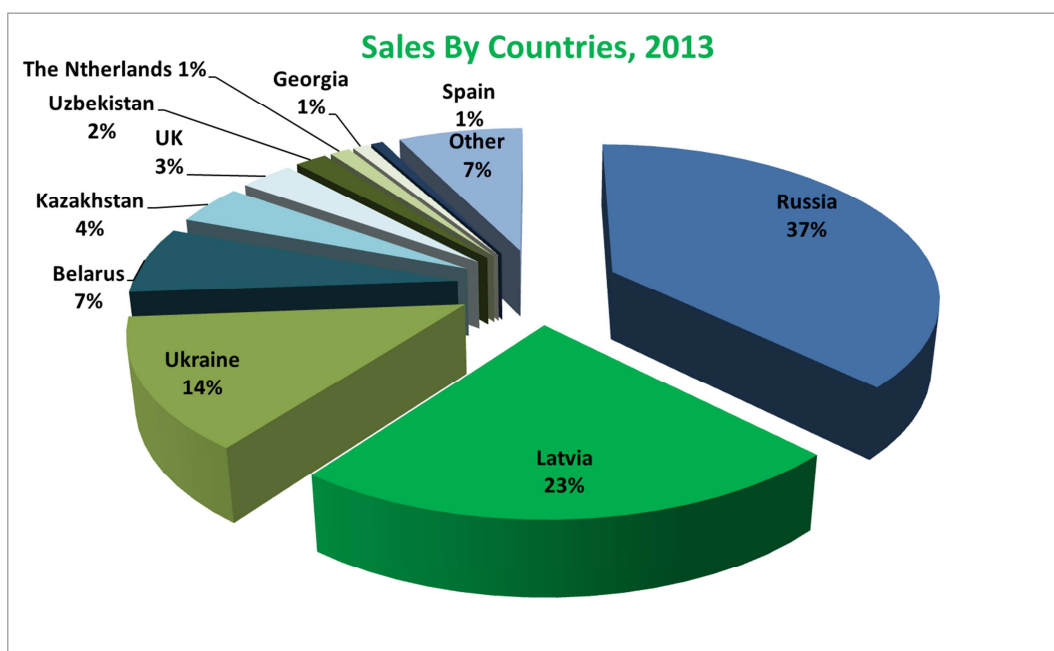


Despite the above mentioned extra shipments to Ukraine, that reduced the volume of sales to that country in 2013, this year in terms of sales has yet again been the best in corporate history so far. The Company made consolidated sales of 54.8 million lats (78 million euro), which is an increase by 4% compared to 2012.

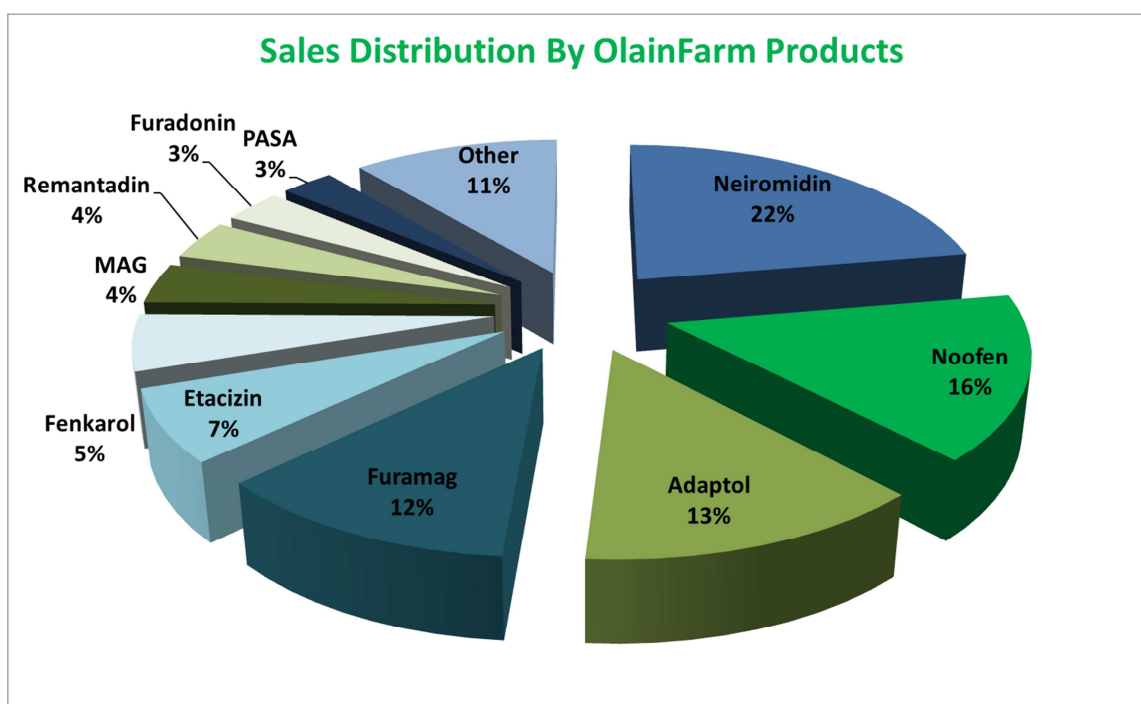
Sales In Thousands



During 2013 sales to all our key markets continued growing, except Ukraine, where due to the above mentioned extra shipments of 2012 they shrank by 45%. The biggest sales increases were achieved in The Netherlands, where products for WHO's anti-tuberculosis products are being sent. Sales there have increased by 351%. Significant sales increase has also been achieved in Spain (sales grew by 202%), Belarus (sales grew by 48%) and Uzbekistan (sales grew by 42%). Major sales markets of AS "OlainFarm" in 2013 were Russia, Latvia, Ukraine, Belarus, Kazakhstan and the UK.

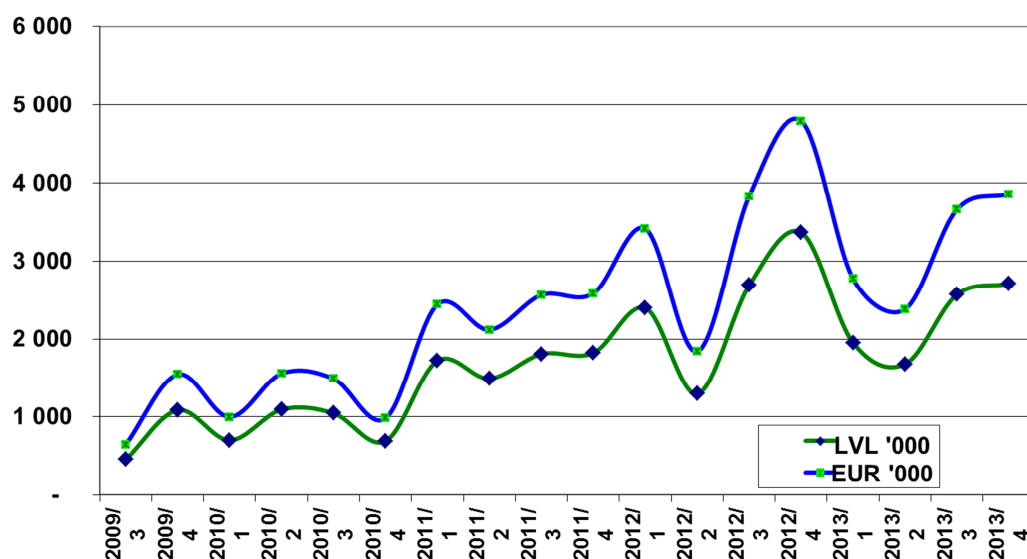


During 2013 the share of bestselling products Neiromidin® in total sales stabilized at the level of 22%. Share of all the other products has also remained relatively unchanged. Product portfolio is still well diversified, as 10 best-selling products make up less than 90% of total sales.



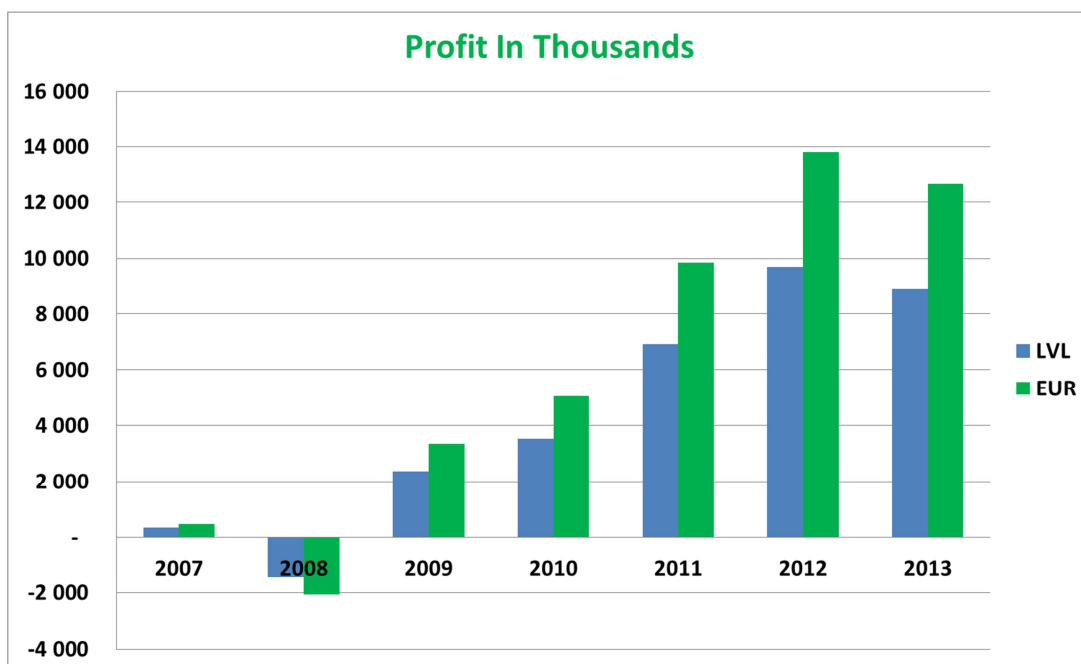
As with sales, 4th quarter of 2013 has also been one of the best in corporate history in terms of profit. 2.7 million lats (3.8 million euro) have been the net profit during this period, which represents a reduction by 20% compared to the same period one year ago.

Profit By Quarters



Taking into consideration that the entire year, and especially its 4th quarter have been rather successful in terms of sales, the whole year has also been outstanding in terms of profit. In 2013 the Company has made a net profit of 8.9 million lats, which represents a reduction by only 8% compared to profit of 2012.

Profit In Thousands



Other financial indicators of the company have changed respectively.

Financial indicators	31.12.2013	31.12.2012.	% to the previous period	31.12.2011.
Net sales (thsnd. LVL)	54 788	52 835	104%	37 087
Net profit (thsnd. LVL)	8 873	9 723	91%	6 914
EBITDA (thsnd. LVL)	13 476	13 975	96%	10 355
EBIT (thsnd. LVL)	11 372	12 238	93%	8 601
Net sales (thsnd. EUR)	77 956	75 177	104%	52 770
Net profit (thsnd. EUR)	12 625	13 834	91%	9 838
EBITDA (thsnd. EUR)	19 175	19 885	96%	14 734
EBIT (thsnd. EUR)	16 181	17 000	91%	12 238
EBITDA margin, %	25	26		29
Net margin, %	16	18		19
EBIT margin, %	21	23		23
ROA, %	13,2	19,3		16,6
ROE, %	20,4	26,7		25,4
Current ratio	2,4	3,5		2,9
Earnings per share, LVL	0,63	0,69	91%	0,49
Earnings per share, EUR	0,90	0,98	91%	0,70
Share price at the end of the period, LVL	4,96	3,69	134%	2,46
Share price at the end of the period, EUR	7,057	5,25	134%	3,49
P/E	7,9	5,4		5,0
Market capitalisation at the end of the period, thsnd. LVL	69 862	51 975	134%	34 579
Market capitalisation at the end of the period, thsnd. EUR	99 398	73 952	134%	49 201
P/B	1,6	1,4		1,3

In December 2013 Management Board of AS "OlainFarm" adjusted previously set profit and sales guidance. According to them the sales of the Concern in 2013 were planned to be 52.8 million lats (75.1 million euro) while the net profit guidance was 8.8 million lats (12.5 million euro). According to this unaudited report the sales guidance has been outperformed by 3.8%, while profit guidance was outperformed by 0.8%.

Dividends

During the reporting period the company has paid dividends for profit made in 2012. 0.107 lats (0.152 euros) per share were paid. In total more than 1.5 million lats were paid in dividends, with pay-out ratio being approximately 15% of profits of 2012. Pay-out ratio from the profit made in 2011 was approximately 12.5%, but pay-out ratio from the profits made in 2010 was approximately 10% of profit of that year. Although no formal dividend policy has been approved in the company the Board intends to increase the pay-out ratio by 2.5 percentage points every year in coming years, in case of absence of any factors threatening operations or development of the company. The Board intends to propose such approach to shareholders until the pay-out ratio reaches 25%.

Shares and stock market

Rapid improvement of Company's financial indicators over the last three years is reflected in fluctuations of price of Company's shares on NASDAQ OMX Riga, as during this period the price of share has increased by more than 128%. During the reporting period share price mainly fluctuated around 5 lats, while in middle of August it set a new historic high of the time of 5.39 lats (7.669 euro). During the reporting period price of share of AS "OlainFarm" has been fluctuating between 3.66 and 5.39 lats (5.21 and 7.669 euros).

Trading volumes and price of shares of "Olainfarm" on NASDAQ OMX Riga (LVL) (2011 –2013)



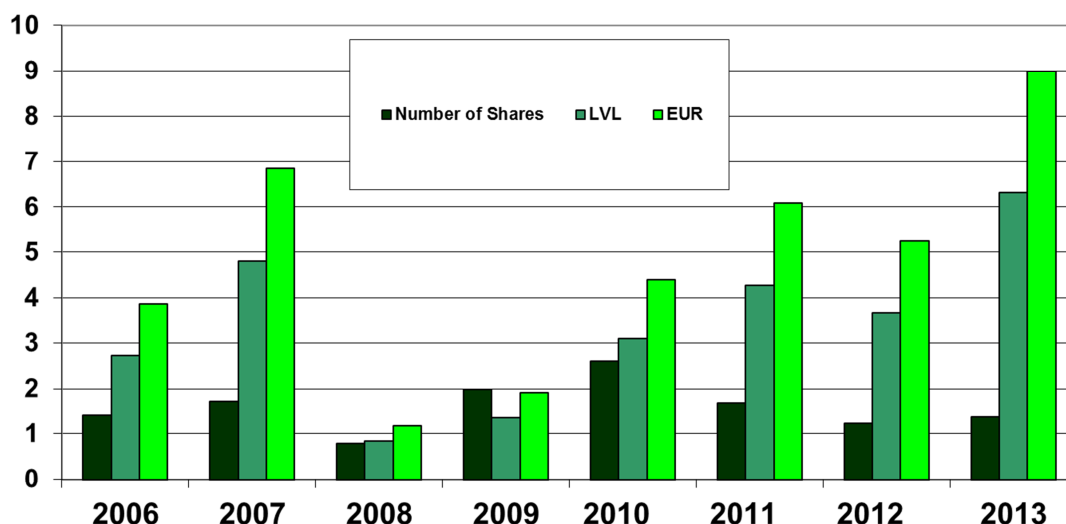
During this year price of share of a/s "Olainfarm" increased significantly more than OMX Riga index. During 2013 OMX Riga index increased by 16.2%, while price for share of "Olainfarm" by 34.42%.

**Rebased price of Olainfarm share vs. rebased OMX Riga index
(2013)**



-- OMX Riga
-- AS "OlainFarm"

Trading Of Shares On NasdaqOMX Riga, mln.



In 2013 trading of shares of AS „Olainfarm” on „NasdaqOMX Riga” reached a new record high in terms of turnover. During a year shares worth 6.3 million lats (9 million euro) were traded, which represents an increase by 72% compared to 2012. Number of traded shares also increased to 1.36 million and that was an increase by 11%.

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 2013 37 products have been registered in 7 different countries, including the marketing partnership products. Registration processes have been started also in Turkey, Mongolia, Mexico and Kosovo. 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.

Laboratory equipment has been acquired which will allow moving the production of nitrofuranes to a new production unit and further improving production technologies of this group of products.

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.

The company is very carefully following all political and economic developments in its major markets in CIS countries. As this report is being prepared the company possesses no alarming information that might point to any adverse impact on company's operations in these markets.

Environment

During the reporting period 30 internal environmental audits have been conducted and 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

During 2013 the Company continued supporting development of young professionals with scholarships for students of Department of Pharmacy of Riga Stradins University, of Department of Material Sciences and Applied Chemistry of Riga Technical University and of Department of Chemistry of Latvian University.

Demonstrating its concern about the development of health care and promoting a healthy life style AS „Olainfarm” have been supporting both, Annual Medicine Award and Annual Health Award of Latvia.

The company is also supporting top quality musical events, including musical festival „Rīgas ritmi”, concerts organized by Hermanis Brauns Foundation and by Inese Galante. AS „Olainfarm” continued supporting the construction of Orthodox Church in Olaine.

Events after the end of the reporting period

In February 2014, Kazakh national currency the Tenge was devalued by 20%. Kazakhstan is an important sales market for Company's products, generating about 4% of consolidated sales. As this report is being prepared, company possesses no alarming information that would give any reason to expect a significant sales reduction in this country, however currency devaluation will inevitably cause certain loss of purchasing power of Kazakh people, which may leave, albeit small and short term impact on sales volumes to this country.

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


Valerijs Mālgins
Chairman of the Board
(President)


February 28, 2014

Statement of responsibility of the management

The Management Board of JSC "OlainFarm" prepares interim condensed consolidated financial statements for each quarter which give a true and fair view of the JSC "OlainFarm" group's (hereinafter - the Group) assets, liabilities and financial position as of the end of the respective interim period, and the financial results of the Group for that respective period. Interim condensed consolidated financial statements are prepared based on International Financial Reporting Standards as adopted by the EU in respect of interim financial statements. In preparing those financial statements, management:

- ♦ 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 of JSC "OlainFarm" 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 JSC OlainFarm:


Valerijs Matigins
Chairman of the Board
(President)


February 28, 2014

Interim consolidated statement of comprehensive income

Notes	Q4 2013	Q4 2013	Q4 2012	Q4 2012	12M 2013	12M 2013	12M 2012	12M 2012
	LVL '000	EUR '000	LVL '000	EUR '000	LVL '000	EUR '000	LVL '000	EUR '000
Revenue	17 092	24 320	17 671	25 144	54 788	77 956	52 835	75 177
Changes in inventories of finished goods and work in progress	(1 330)	(1 892)	(524)	(746)	(542)	(771)	(496)	(706)
Other operating income	5 749	1 066	259	369	2 395	3 408	1 095	1 558
Cost of materials:							-	
raw materials and consumables	(1 926)	(2 740)	(2 778)	(3 953)	(10 170)	(14 471)	(9 567)	(13 613)
other external costs	(663)	(943)	(648)	(922)	(2 358)	(3 355)	(2 044)	(2 908)
	(2 589)	(3 683)	(3 426)	(4 875)	(12 528)	(17 826)	(11 611)	(16 521)
Employees expenses:								
Wages and salaries	(3 202)	(4 556)	(3 192)	(4 542)	(9 630)	(13 702)	(8 668)	(12 333)
Statutory social insurance contributions	(887)	(1 262)	(914)	(1 301)	(2 520)	(3 586)	(2 268)	(3 227)
	(4 089)	(5 818)	(4 106)	(5 843)	(12 150)	(17 288)	(10 936)	(15 560)
Depreciation and amortization	(423)	(602)	(457)	(650)	(2 104)	(2 994)	(2 050)	(2 917)
Other operating expense	(5 943)	(8 456)	(4 968)	(7 069)	(18 487)	(26 305)	(16 890)	(24 032)
Financial income	171	243	507	721	236	336	569	810
Financial expense	(482)	(686)	(633)	(901)	(1 171)	(1 666)	(784)	(1 116)
Profit before taxes	3 156	4 492	4 323	6 150	10 437	14 850	11 732	16 693
Corporate income tax	6 (469)	(667)	(944)	(1 343)	(1 550)	(2 205)	(1 969)	(2 802)
Deferred corporate income tax	(14)	(20)	(40)	(57)	(14)	(20)	(40)	(57)
Profit for the reporting period	2 673	3 805	3 339	4 750	8 873	12 625	9 723	13 834
Attributable to:								
The equity holders of the Parent Company	2 758	3 926	3 339	4 750	8 964	12 754	9 723	13 834
Non-controlling interests	(85)	(121)	-	-	(91)	(129)	-	-
Profit for the reporting period	2 673	3 805	3 339	4 750	8 873	12 625	9 723	13 834
Basic and diluted earnings per share, LVL/EUR	0.19	0.27	0.24	0.34	0.63	0.90	0.69	0.98

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

For the Board of JSC OlainFarm:


 Valerij Maligins
 Chairman of the Board
 (President)



February 28, 2014

Interim consolidated statement of financial position

ASSETS	Notes	31.12.2013	31.12.2013	31.12.2012	31.12.2012
NON-CURRENT ASSETS		LVL	EUR	LVL	EUR
Intangible assets	7				
Goodwill		4 672	6 648	1 481	2 107
Patents		17	24	101	144
Pharmacy licenses and lease contracts		5 713	8 129	4 363	6 208
Other intangible assets		1 857	2 642	1 057	1 504
Prepayments for intangible assets		154	219	126	179
TOTAL		12 413	17 662	7 128	10 142
Property, plant and equipment	8				
Land, buildings and constructions		8 065	11 475	7 894	11 232
Equipment and machinery		4 157	5 915	2 611	3 715
Other tangible assets		1 599	2 275	1 104	1 571
Leasehold investments		148	211	43	61
Construction in progress		3 027	4 307	975	1 387
Prepayments for property, plant and equipment		1 909	2 716	139	198
TOTAL		18 905	26 899	12 766	18 164
Financial assets					
Other securities and investments		-	-	-	-
Other securities and investments		-	-	145	206
Investments in related companies		-	-	-	-
Investments in associated companies		149	212	-	-
TOTAL		149	212	145	206
TOTAL NON-CURRENT ASSETS		31 467	44 773	20 039	28 512
CURRENT ASSETS					
Inventories					
Raw materials		1 665	2 369	1 237	1 760
Work in progress		5 659	8 052	4 156	5 913
Finished goods and goods for resale		3 875	5 514	2 029	2 887
Prepayments for goods		146	208	157	223
TOTAL		11 345	16 143	7 579	10 783
Receivables					
Trade receivables		18 595	26 458	18 713	26 626
Receivables from associated companies	10	757	1 077	346	492
Prepayments to suppliers		428	609	150	213
Other receivables		1 284	1 827	492	700
Current loans to management and employees		1 527	2 173	764	1 087
Accrued revenue		218	310	22	31
Prepaid expense		136	194	164	233
TOTAL		22 945	32 648	20 651	29 384
Cash		1 432	2 038	1 792	2 550
TOTAL CURRENT ASSETS		35 722	50 829	30 022	42 717
TOTAL ASSETS		67 189	95 602	50 061	71 229

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

For the Board of JSC OlainFarm:

February 28, 2014


Valerijis Maligins
Chairman of the Board
(President)


Interim consolidated statement of financial position

EQUITY AND LIABILITIES		Notes	31.12.2013	31.12.2013	31.12.2012	31.12.2012
EQUITY			LVL	EUR	LVL	EUR
Share capital			14 085	20 041	14 085	20 041
Share premium			1 760	2 504	1 760	2 504
Retained earnings/ (accumulated deficit):						
brought forward			18 718	26 633	10 502	14 943
for the period			8 964	12 755	9 723	13 835
TOTAL			43 527	61 933	36 070	51 323
Non-controlling interests			59	84	-	-
TOTAL EQUITY			43 586	62 017	36 070	51 323
LIABILITIES						
Non-current liabilities						
Loans from credit institutions	9		6 774	9 639	944	1 343
Deferred corporate income tax liabilities			1 540	2 191	1 254	1 784
Finance lease liabilities			230	327	39	55
TOTAL			8 544	12 157	2 237	3 182
Current liabilities						
Loans from credit institutions	9		4 875	6 937	6 128	8 719
Finance lease liabilities			123	175	31	44
Prepayments received from customers			33	47	53	75
Trade and other payables			7 991	11 370	3 544	5 043
Payables to associated companies	10		113	161	21	30
Taxes payable			386	549	511	727
Corporate income tax			-	-	503	716
Next period revenue			498	709	288	410
Accrued liabilities			1 040	1 480	675	960
TOTAL			15 059	21 428	11 754	16 724
TOTAL LIABILITIES			23 603	33 585	13 991	19 906
TOTAL EQUITY AND LIABILITIES			67 189	95 602	50 061	71 229

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

For the Board of JSC OlainFarm:


Valerijis Maligins
Chairman of the Board
(President)



February 28, 2014

Interim consolidated statement of cash flow

	Note	2013 LVL	2013 EUR	2012 LVL	2012 EUR
Cash flows to/from operating activities					
(Loss)/ Profit before taxes		10 437	14 851	11 732	16 693
Adjustments for:					
Amortisation and depreciation		2 003	2 850	2 154	3 065
Loss on sale/ disposal of property, plant and equipment		(590)	(839)	9	13
Loss/(Income) from revaluation of property, plant and equipment		80	115	-	-
Increase/ (decrease) in allowances		117	167	1 473	2 096
(Decrease)/ increase in vacation reserve		151	215	-	-
Income from investing activities		(146)	(208)	-	-
Investing reversal		-	-	(44)	(63)
Interest expenses		186	265	207	295
Interest receivable		(119)	(170)	(53)	(75)
Unrealised loss/(profit) from fluctuations of currency exchange rates		-	-	-	-
Operating cash flows before working capital changes		12 120	17 245	15 478	22 023
Decrease in inventories		(3 014)	(4 289)	(716)	(1 019)
Decrease in receivables and prepaid expense		(621)	(884)	(5 965)	(8 487)
Increase/ (decrease) in payables and prepayments received		5 178	7 368	(512)	(729)
Cash generated from operations		13 663	19 441	8 285	11 788
Interest paid		(186)	(265)	(207)	(295)
Corporate income tax paid		(2 572)	(3 659)	(2 239)	(3 186)
Real estate tax paid		-	-	-	-
Net cash flows to/ from operating activities		10 905	15 517	5 839	8 308
Cash flows to/from investing activities					
Purchase of property, plant and equipment		(7 900)	(11 241)	(3 221)	(4 583)
Acquisition of subsidiary		(4 791)	(6 817)	(896)	(1 275)
Proceeds from sale of intangible assets and property, plant and equipment		654	930	72	102
Repayment of loans		776	1 103	7	10
Interest receivable		42	60	6	9
Loans granted		(1 738)	(2 473)	(800)	(1 138)
Net cash flows to/from investing activities		(12 958)	(18 437)	(4 832)	(6 875)
Cash flows to/from financing activities					
Proceeds from issue of shares		(1 507)	(2 144)	(868)	(1 235)
Borrowings repaid		(2 465)	(3 507)	(1 503)	(2 139)
Proceeds from borrowings		5 664	8 059	1 631	2 321
Net cash flows to/from financing activities		1 692	2 408	(740)	(1 053)
Change in cash		(360)	(513)	267	380
Cash at the beginning of the year		1 792	2 550	1 525	2 170
Cash at the end of the year		1 432	2 037	1 792	2 550

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

Interim consolidated statement of changes in equity

	Equity attributable to equity holders of the parent				Non-controlling interests	Total
	Share capital	Share premium	Retained earnings/ (Accumulated deficit)	Total		
	LVL '000	LVL '000	LVL '000	LVL '000	LVL '000	LVL '000
Balance as at 31 December 2011	14 085	1 760	11 370	27 214	-	27 214
Profit for the reporting year	-	-	9 723	9 723	(0)	9 723
Exception of profit of the related	-	-	(868)	(868)	-	(868)
Balance as at 31 December 2012	14 085	1 760	20 225	36 070	(0)	36 070
Business combination	-	-	-	-	150	150
Profit for the reporting year	-	-	8 964	8 964	(91)	8 873
Paid dividends from profit	-	-	(1 507)	(1 507)	-	(1 507)
Balance as at 31 December 2013	14 085	1 760	27 682	43 527	59	43 586

	Equity attributable to equity holders of the parent				Non-controlling interests	Total
	Share capital	Share premium	Retained earnings/ (Accumulated deficit)	Total		
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Balance as at 31 December 2011	20 041	2 504	16 177	38 723	-	38 723
Profit for the reporting year	-	-	13 835	13 835	(0)	13 834
Exception of profit of the related	-	-	(1 235)	(1 235)	-	(1 235)
Balance as at 31 December 2012	20 041	2 504	28 778	51 323	(0)	51 322
Business combination	-	-	-	-	213	213
Profit for the reporting year	-	-	12 755	12 755	(129)	12 625
Paid dividends from profit	-	-	(2 144)	(2 144)	-	(2 144)
Balance as at 31 December 2013	20 041	2 504	39 388	61 934	84	62 017

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

Notes to the interim condensed 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, JSC OlainFarm (hereinafter, the Parent Company) was registered with the Republic of Latvia Enterprise Register on 10 June 1991 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 unaudited interim condensed consolidated financial statements (hereinafter – the interim financial statements) were approved by the Board on 28 February 2014.

2. Summary of significant accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the twelve months ended 31 December 2013 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2012.

The interim financial statements are presented in lats (LVL), the monetary unit of the Republic of Latvia. The interim financial statements are translated in euros (European Monetary Unit Euro - EUR) for supplementary information purposes at a rate of 0.702804 lats per one euro.

The interim financial statements comprise the financial statements of the Parent Company and all its subsidiaries as at 31 December 2013.

Changes in accounting policy and disclosures

Accounting policies used correspond to the policies applied in year 2012 except for EU endorsed IFRS, amendments and interpretations effective for financial years beginning on or after 1 January 2013. None of the new and amended standards and interpretations affect the Group's financial position or results. The following applicable new and amended standards and interpretations affect presentation and disclosures:

- Amendment to IAS 1 Financial Statement Presentation - Presentation of Items of Other Comprehensive Income
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.
- 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.
- Improvements to IFRSs - 2009-2011 Cycle
In May 2012 IASB issued omnibus of necessary, but non-urgent amendments to its five standards:
 - IFRS 1 First-time adoption of IFRS – Repeated application of IFRS1, - Borrowing costs;
 - IAS 1 Presentation of Financial Statements - Clarification of the requirements for comparative information;
 - IAS 16 Property, Plant and Equipment – Classification of servicing equipment;
 - IAS 32 Financial instruments: Presentation - Tax effects of distributions to holders of equity instruments;
 - IAS 34 Interim Financial Reporting - Interim financial reporting and segment information for total assets and liabilities.

The following applicable new and amended standards and interpretations have no impact the Group's financial statements:

- Amendment to IAS 19 Employee Benefits (revised 2011)
- Amendment to IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
- Amendments to IFRS 1 First-time Adoption of IFRS – Government Loans
- Amendments to IFRS 1 First-time Adoption - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendments to IAS 12 Income Taxes - Deferred Tax: Recovery of Underlying Assets
- IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

The Group has not applied and has not evaluated the impact of the application of the 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. The Group plans to adopt these standards and interpretations on their effectiveness dates provided they are endorsed by the EU.

3. Business combination

During the reporting period the Group acquired several unlisted companies registered in Latvia as described below. Companies were acquired to expand the Group product portfolio, utilize more effectively existing infrastructure and increase retail coverage. The Group has used a multiple earnings method in the valuation of intangible assets. The main assumptions used – expected profitability, revenue growth, remaining years to maturity. At the date of authorising for issue the interim financial statements the Group has not yet finalized the identification process for intangible assets from the business combinations - therefore the net assets and goodwill recognized in the interim financial statements are provisional. The interim financial statements include the results of acquired companies from acquisition date till the end of reporting period.

Acquisition of Silvanols Ltd

On May 31, 2013 the Group concluded majority shareholding acquisition of pharmaceutical production company Silvanols Ltd, increasing shareholding and voting power till 70.88%. The fair value of the identifiable assets and liabilities of Silvanols as at the date of acquisition were:

	LVL '000	EUR '000
Assets		
Intangible assets	16	23
Property, plant and equipment (provisional)	407	579
Other long term assets (provisional)	332	472
Cash and cash equivalents	22	31
Other receivables	41	58
Trade receivables	208	296
Inventories (provisional)	489	696
	1515	2155
Liabilities		
Trade payables	(233)	(332)
Other current liabilities	(751)	(1 069)
Deferred tax liabilities	(2)	(3)
	(986)	(1 404)
Total identifiable net assets at fair value	529	751
Non-controlling interest	(150)	(213)
Goodwill arising on acquisition (provisional)	1 715	2 441
Purchase consideration transferred	2 094	2 979
Analysis of cash flows on acquisition:		
Net cash acquired with the subsidiary	22	31
Cash paid	(2 094)	(2 979)
Net cash outflow	(2 072)	(2 948)

3. Business combination (cont'd)

This subsidiary has contributed 1 059 thsd LVL (1 507 thsd EUR) of revenue and generated 218 thsd LVL (310 thsd EUR) of loss before tax from the continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been 1 894 thsd LVL (2 695 thsd EUR) and the loss from continuing operations for the Group would have been 375 thsd LVL (534 thsd EUR).

The goodwill recognized is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Silvanols with those of the Group. Silvanols is recognized as separate cash generating unit where the related goodwill and intangible assets are attributable.

Acquisition of Pharmacies

During the year 2013 the Group continued to acquire pharmacies. The fair value of the identifiable assets and liabilities of acquired pharmacies as at the date of acquisition were:

Acquired entity	<i>Sabiedrības "ARS" Aptieka</i>	<i>Traumu Aptieka</i>	<i>Priekules aptieka</i>	<i>Trīdesmit Seši un Seši Aptieka</i>	<i>Jaun- jēlgavas Aptieka</i>	<i>Mana Aptieka</i>	<i>Daugav- krasta Farmācija</i>	<i>Baltā Aptieka I.P.I.</i>	<i>Elpa Aptiekas</i>	KOPĀ
Percentage of voting equity interest acquired	100%	100%	100%	100%	100%	100%	100%	100%	100%	
Acquisition date	25.11.2013	31.10.2013	30.08.2013	23.05.2013	21.05.2013	10.04.2013	18.03.2013	18.03.2013	11.02.2013	
	Fair value recognized on acquisition									
	LVL'000	LVL'000	LVL'000	LVL'000	LVL'000	LVL'000	LVL'000	LVL'000	LVL'000	LVL'000
Assets										
Premises lease agreement and licences (provisional)	240	230	120	20	-	20	10	-	1 070	1 710
Property, plant and equipment	1	-	-	6	9	7	2	88	13	126
Cash and cash equivalents	5	-	3	14	1	1	-	2	6	32
Other receivables	1	1	1	13	-	1	1	1	4	23
Trade receivables	2	10	9	1	1	1	-	6	57	87
Inventories	78	16	20	22	9	5	8	29	80	267
	327	257	153	76	20	35	21	126	1 230	2 245
Liabilities										
Trade payables	(50)	(24)	(17)	(38)	(11)	(13)	(5)	(30)	(175)	(363)
Other current liabilities	(6)	(1)	(3)	(2)	-	(2)	(2)	(3)	(35)	(54)
Other long term liabilities	-	-	-	-	-	-	-	-	(270)	(270)
Deferred tax liabilities	(41)	(35)	(19)	(4)	(1)	(3)	(2)	(11)	(164)	(280)
	(97)	(60)	(39)	(44)	(12)	(18)	(9)	(44)	(644)	(967)
Total identifiable net assets at fair value	230	197	114	32	8	17	12	82	586	1 278
Goodwill arising on acquisition (provisional)	370	8	36	153	54	159	122	209	364	1 475
Purchase consideration transferred	600	205	150	185	62	176	134	291	950	2 753
Analysis of cash flows on acquisition:										
Net cash acquired with the subsidiary	5	-	3	14	1	1	-	2	6	32
Cash paid	(600)	(205)	(150)	(185)	(62)	(176)	(134)	(291)	(950)	(2 753)
Net cash outflow	(595)	(205)	(147)	(171)	(61)	(175)	(134)	(289)	(944)	(2 721)
Effect of acquisition to the Group										
Revenue contributed	37	13	15	67	16	17	44	69	239	517
Profit / (Loss) before tax generated	(1)	-	-	6	-	2	7	1	-	15
Estimated effect of acquisition if acquisition date had been as of the beginning of the year										
Estimated revenue for whole year	433	159	178	144	42	47	46	117	358	1 524
Estimated profit / (loss) before tax for whole year	(10)	-	5	15	-	5	6	2	(198)	(175)

Acquired entity	Sabiedrības "ARS" Aptieka	Traumu Aptieka	Priekules aptieka	Trīdesmit Seši un Seši	Jaun- jēlgavas Aptieka	Mana Aptieka	Daugav- krasta Farmācija	Baltā Aptieka I.P.I.	Elpa Aptiekas	KOPĀ
Percentage of voting equity interest acquired	100%	100%	100%	100%	100%	100%	100%	100%	100%	
Acquisition date	25.11.2013	31.10.2013	30.08.2013	23.05.2013	21.05.2013	10.04.2013	18.03.2013	18.03.2013	11.02.2013	
	Fair value recognized on acquisition									
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Assets										
Premises lease agreement and licences (provisional)	341	327	171	28	-	28	14	-	1 522	2 431
Property, plant and equipment	1	-	-	9	13	10	3	125	18	179
Cash and cash equivalents	7	-	4	20	1	1	-	3	9	45
Other receivables	1	1	1	18	-	1	1	1	6	30
Trade receivables	3	14	13	1	1	1	-	9	81	123
Inventories	111	23	28	31	13	7	11	-	114	338
	464	365	217	107	28	48	29	138	1 750	3 146
Liabilities										
Trade payables	(71)	(34)	(24)	(54)	(16)	(18)	(7)	(43)	(249)	(516)
Other current liabilities	(9)	(1)	(4)	(3)	-	(3)	(3)	(4)	(50)	(77)
Other long term liabilities	-	-	-	-	-	-	-	-	(384)	(384)
Deferred tax liabilities	(58)	(50)	(27)	(6)	(1)	(4)	(3)	(16)	(233)	(398)
	(138)	(85)	(55)	(63)	(17)	(25)	(13)	(63)	(916)	(1 375)
Total identifiable net assets at fair value	326	280	162	44	11	23	16	75	834	1 771
Goodwill arising on acquisition (provisional)	528	12	51	219	77	227	175	339	518	2 146
Purchase consideration transferred	854	292	213	263	88	250	191	414	1 352	3 917
Analysis of cash flows on acquisition:										
Net cash acquired with the subsidiary	7	-	4	20	1	1	-	3	9	45
Cash paid	(854)	(292)	(213)	(263)	(88)	(250)	(191)	(414)	(1 352)	(3 917)
Net cash outflow	(847)	(292)	(209)	(243)	(87)	(249)	(191)	(411)	(1 343)	(3 872)
Effect of acquisition to the Group										
Revenue contributed	53	18	21	95	23	24	63	98	340	735
Profit / (Loss) before tax generated	(1)	-	-	9	-	3	10	1	-	22
Estimated effect of acquisition if acquisition date had been as of the beginning of the year										
Estimated revenue for whole year	616	226	253	205	60	67	65	166	509	2 167
Estimated profit / (loss) before tax for whole year	(14)	-	7	21	-	7	9	3	(282)	(249)

The goodwill recognized is primarily attributed to the expected synergies and other benefits from combining the assets and activities of the subsidiary with those of the Group and increase of deferred tax liability from the business combination. Goodwill is allocated entirely to the pharmacy retail segment.

Information on prior year acquisitions

During financial year 2012 100% shares of Teriaks Ltd, Rudens Laiks Ltd, Aptieka Rudens 10 Ltd, Esplanade Farm Ltd Ilmas aptieka Ltd, Lege Artis Rīga JSC, Latvijas Aptieka Ltd (Inula farm), Veritas-farm Ltd, Juko 99 Ltd, and Vita Plus Ltd were acquired, all unlisted pharmacy retail companies registered in Latvia. No adjustments have been recognised in initial provisional goodwill and net assets value of acquired companies disclosed in latest annual accounts.

4. Impairments

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill and other intangible assets with indefinite lives is based on value-in-use calculations using cash flow projections from financial budgets approved by the management. Goodwill and other intangible assets with indefinite lives recognised on acquisitions during the reporting period are not tested for impairment until final confirmation of the fair value within one year after acquisition.

Management has not identified circumstances that indicate the carrying value of Silvanols CGU and Pharmacy CGU related goodwill, premises lease agreements and licenses may be materially impaired at the date of these interim financial statements. Pharmacy CGU intangible assets on value of 360 thsd LVL (512 thsd EUR) are disposed in relation to the sale of pharmacies' licences and rent agreements by Latvijas Aptiekas.

The key assumptions used to determine the recoverable amount for the cash generating units are following:

- annual increase of net revenue: Pharmacy 4-6%, Silvanols – from 45% in year 2014 till 4% from year 2019
- cash flow terminal value – 2%
- weighted average cost of capital – 11.6 till 12 %

The Group investment in a related company SIA Olainfarm Energija in the amount of LVL 1 000 (EUR 1 000) was impaired during the financial year 2012, as entity has ended financial year 2012 with losses and negative equity. For year 2013 the impairment is reversed since the company finished investment project and started to generate sustainable profits.

5. Other operating income

On October 3, 2013 the Group has sold licence and lease agreements of two pharmacies gaining proceeds of LVL 580 000 (EUR 825 000). These pharmacies has contributed LVL 1 050 000 (EUR 1 494 000) of revenue and LVL 48 000 (EUR 68 000) of the net profit before tax from the continuing operations of reporting period.

6. Income tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings.

The major components of income tax expense in the interim condensed income statement are:

	2013		2012	
	LVL'000	EUR'000	LVL'000	EUR'000
Current corporate income tax charge for the year	1 550	2 205	1 969	2 802
Deferred corporate income tax due to changes in temporary differences	14	20	40	57
Charged to the income statement:	1 564	2 225	2 009	2 859

7. Intangible assets

During the reporting period the Group has recognised goodwill and other intangible assets from business combinations as described in note 3 on total provisional value of 4 900 thsd LVL (6 972 thsd. EUR). On October 3, 2013 the Group has purchased licence and lease agreements of two pharmacies for thsd LVL 280 (thsd EUR 398) recognising purchase value as fair value of intangible asset. The Group has disposed intangible asset of 360 thsd LVL (512 thsd EUR) within the transaction described in note 5.

8. Property, plant and equipment

During the reporting period the Group has recognised property, plant and equipment obtained during business combinations as described in note 3 on total value of 533 thsd LVL (758 thsd. EUR). During reporting period construction works and renovation is made on the Parent Company production and administrative buildings, structures and infrastructure on total value of 2 478 thsd. LVL (3 526 thsd. EUR).

No material disposals or write-offs performed during the reporting period.

9. Loans from credit institutions

On 07 June 2013 The Parent Company has concluded agreement with SEB bank for the loan amounting to LVL 3 000 000 (EUR 4 268 615). The maturity date is 7 June 2015.

10. Related party disclosures

Related party	Type of services		Cash, goods and services received from related parties, LVL'000	Cash, goods and services received from related parties, EUR'000	Cash paid, goods and services delivered to/ Loans issued to related parties, LVL'000	Cash paid, goods and services delivered to/ Loans issued to related parties, EUR'000	Amounts owed by related parties (gross), LVL'000	Amounts owed by related parties (gross), EUR'000	Amounts owed to related parties, LVL'000	Amounts owed to related parties, EUR'000
1. Associated entities										
OLAINFARM ENERGIJA SIA (Olainfarm AS share 50%)	The loan, services, energy	31.12.2012.	16	22	122	174	172	245	16	22
		31.12.2013.	417	593	333	474	180	256	107	152
		TOTAL: 31.12.2012.	16	22	122	174	172	245	16	22
		TOTAL: 31.12.2013.	417	593	333	474	180	256	107	152
2. Key management personnel of the Group										
V. Maligins (shareholder of SIA Olmafarm)	The loan	31.12.2012.	-	-	998	1420	998	1420	-	-
		31.12.2013.	722	1027	1488	2117	1763	2509	-	-
		TOTAL: 31.12.2012.	-	-	998	1420	998	1420	-	-
		TOTAL: 31.12.2013	722	1027	1488	2117	1763	2509	-	-
3. Entity with significant influence over the Group and entities related to key management										
SIA Olmafarm (shareholder)	The loan and finished goods sale	31.12.2012.	2	2	1	1	128	183	-	-
		31.12.2013.	1	1	7	10	135	191	-	-
SIA Vega MS (V. Maligins share 60%)	Security services, manufacture	31.12.2012.	358	510	354	504	-	-	5	8
		31.12.2013.	480	684	483	687	-	-	3	4
SIA "Aroma" (V. Maligins share 99.21%)	The loan and liase services	31.12.2012.	18	26	36	51	46	65	-	-
		31.12.2013.	16	23	46	65	78	111	3	5
Lano Serviss SIA (V. Maligins share 25.04%)	Drycleaner's services	31.12.2012.	28	40	27	39	1	1	2	3
		31.12.2013.	26	37	26	37		1	2	2
SIA Carbochem (V. Maligins share 50%)	Intermediary on sale of chemical products	31.12.2012.	-	-	-	-	76	109	-	-
		31.12.2013.	-	-	-	-	76	109	-	-
SIA OLFA Press (V. Maligins share 45%)	Printing services	31.12.2012.	839	1193	790	1124	6	8	163	231
		31.12.2013.	902	1283	853	1213	3	4	209	297
Olfa OOO (V. Maligin's share 51%, J. Dudko's share 49%)	Finished good sale	31.12.2012.	8170	11625	13668	19448	9104	12953	-	-
		31.12.2013.	8728	12419	7551	10743	7926	11278	-	-
		TOTAL: 31.12.2012.	9415	13396	14877	21168	9361	13319	170	242
		TOTAL: 31.12.2013.	10153	14447	8965	12756	8219	11694	217	308

11. Segment information

(in thousands LVL)	Finished form medicine	Chemicals	Pharmacy wholesale	Pharmacy retail	Silvanols	Unallocated and eliminated	Consoli- dated
Operating assets							
31.12.2013	33 605	7 862	5 941	12 520	3 096	4 165	67 189
31.12.2012	30 773	6 868	1 237	7 300	-	3 883	50 061
Operating liabilities							
31.12.2013	10 101	3 211	5 380	2 488	1 224	1 199	23 603
31.12.2012	7 094	3 037	1 004	2 141	-	715	13 991
Revenue							
External customers							
12M 2013	41 708	3 461	812	7 174	1 015	618	54 788
12M 2012	41 518	3 807	234	6 494	-	782	52 835
Inter-segment							
12M 2013	191	25 392	2 636	-	45	(28 264)	-
12M 2012	137	25 432	645	-	-	(26 214)	-
Total revenue							
12M 2013	41 899	28 853	3 448	7 174	1 060	(27 646)	54 788
12M 2012	41 655	29 239	879	6 494	-	(25 432)	52 835
Segment profit / (loss)							
12M 2013	9 988	(60)	390	585	(185)	(1 845)	8 873
12M 2012	11 840	(1 085)	860	(173)	-	(1 719)	9 723

(in thousands EUR)	Finished form medicine	Chemicals	Pharmacy wholesale	Pharmacy retail	Silvanols	Unallocated and eliminated	Consoli- dated
Operating assets							
31.12.2013	47 816	11 186	8 454	17 814	4 405	5 926	95 601
31.12.2012	43 786	9 772	1 760	10 387	-	5 525	71 230
Operating liabilities							
31.12.2013	14 372	4 568	7 656	3 540	1 742	1 706	33 584
31.12.2012	10 094	4 321	1 429	3 046	-	1 017	19 907
Revenue							
External customers							
12M 2013	59 345	4 925	1 155	10 208	1 444	879	77 956
12M 2012	59 075	5 417	333	9 240	-	1 113	75 178
Inter-segment							
12M 2013	272	36 129	3 751	-	64	(40 216)	-
12M 2012	195	36 187	918	-	-	(37 300)	-
Total revenue							
12M 2013	59 617	41 054	4 906	10 208	1 508	(39 337)	77 956
12M 2012	59 270	41 604	1 251	9 240	-	(36 187)	75 178
Segment profit							
12M 2013	14 212	(85)	555	832	(263)	(2 625)	12 626
12M 2012	16 847	(1 544)	1 224	(246)	-	(2 446)	13 835

11. Segment information (cont'd)**Reconciliation of profit**

	2 013		2 012	
	LVL'000	EUR'000	LVL'000	EUR'000
Segments' profit	10 718	15 250	11 442	16 280
Loss from unallocated activities	(942)	(1 340)	(1 689)	(2 403)
Other adjustments	(903)	(1 285)	(31)	(44)
Profit for the period	8 873	12 625	9 722	13 833

12. Dividends paid and proposed

Shareholders of the Parent Company on 29 April 2013 has decided to pay dividends 0.107 LVL (0.152 EUR) per share allocating in total for distribution LVL 1 507 000 (EUR 2 144 000) of year 2012 profits. Dividends have been assigned for pay-out on 25 June 2013.

13. Events after the reporting period

Details of events after the reporting period end are described in Management Report accompanying these interim financial statements.