

# **Report to the Budapest Stock Exchange**

**12 months to December 2009**

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## 1. Richter Group

The activities of Richter Group are presented in this Consolidated Report along with three operating segments as of 1 January 2009 in accordance with international accounting regulations (IFRS 8). Those subsidiaries of the Group that are engaged in the core activities of research and development together with manufacturing of pharmaceutical products have been classified as the Pharmaceutical segment. The performance of those distributor and retail subsidiaries that represent the distribution chain in some of our markets and facilitate our products reaching final buyers are presented under the Wholesale and Retail segment. Finally, the Other segment relates to the business of those group members that do not belong to any of the above segments. These companies undertake either commercial or marketing activities or they provide services to group members belonging to the Pharmaceutical segment. (For further information see Appendix 1 on page 16).

## 2. Summary

**Sales** amounted to HUF 267,344 million (EUR 952.4 million) in 2009, a 13.0 % increase (1.1% in Euro terms) when compared with 2008. The severe economic downturn accompanied by significant currency depreciation in many of our core markets impacted adversely the turnover reported in Euro or US Dollar terms. This negative effect was however largely offset by the sales growth achieved in our two largest export markets, Russia and the USA.

In **Hungary** sales totalled HUF 31,641 million (EUR 112.7 million) in 2009. While in the first quarter of 2009 turnover increased significantly, sales in all the subsequent quarters remained around levels reported during the respective periods of the previous year, mainly due to reduced reimbursement rates implemented by the Government and unfavourable macroeconomic conditions both of which adversely impacted consumer demand.

**International sales** amounted to EUR 839.7 million in 2009, an increase of EUR 19.8 million or 2.4 % over the previous year. Sales in the CIS totalled EUR 302.0 million (US\$ 421.3 million), 3.1 % higher (in US\$ terms 1.9 % lower) when compared to 2008. Whilst turnover in Russia picked up during the second quarter 2009 and showed a notable recovery at the end of the year in Ukraine and in other CIS republics sales failed to pick up throughout the year. Turnover declined in the EU region by 7.0 % in Euro terms. Sales in the USA increased by 35.8 % in US\$ terms in the reported period due primarily to significant revenues from our profit sharing agreements. Turnover growth in the 'Rest of the World' region was virtually flat in Euro terms.

**Profit from operations** in 2009 at HUF 49,226 million (EUR 175.3 million) was HUF 15,070 million (44.1 %) higher when compared with 2008. Favourable exchange rates prevailed in the reporting year. In Euro terms operating profit increased by EUR 39.3 million (28.9 %). Profit from operations was significantly impacted by one-off items, such as milestone payments received from Forest Laboratories in both the first and the fourth quarters and impairment losses.

**Operating margins** in 2009 increased to 18.4 % when compared with 14.4 % in the previous year.

**Profit after taxation** increased by 22.8 % in HUF and by 9.8% in Euro terms during 2009 to a total of HUF 51,046 million (EUR 181.8 million).

**Diluted earnings per share** amounted to HUF 2,746 per share (EUR 9.78 per share) in 2009, an increase of 23.6% (10.6 % in Euro terms) over the previous year.

**Total assets and total shareholders' equity and liabilities** amounted to HUF 430,377 million on 31 December 2009, an increase of HUF 46,244 million over the totals reported at 31 December 2008. The cash position remains positive.

### 3. Group sales by region

HUFm	2009	2008	Change	
	12 months to December			%
<b>Hungary</b>	<b>31,641</b>	<b>30,568</b>	<b>1,073</b>	<b>3.5</b>
<b>EU <sup>(1)</sup></b>	<b>101,543</b>	<b>97,701</b>	<b>3,842</b>	<b>3.9</b>
Poland	21,332	23,510	-2,178	-9.3
Romania	44,882	39,550	5,332	13.5
EU 9	18,047	17,507	540	3.1
EU 15	17,282	17,134	148	0.9
<b>CIS</b>	<b>84,768</b>	<b>73,577</b>	<b>11,191</b>	<b>15.2</b>
Russia	60,530	48,754	11,776	24.2
Ukraine	9,593	10,586	-993	-9.4
Other CIS	14,645	14,237	408	2.9
<b>USA</b>	<b>35,748</b>	<b>22,430</b>	<b>13,318</b>	<b>59.4</b>
<b>Rest of the World</b>	<b>13,644</b>	<b>12,242</b>	<b>1,402</b>	<b>11.5</b>
<b>Total</b>	<b>267,344</b>	<b>236,518</b>	<b>30,826</b>	<b>13.0</b>

EURm	2009	2008	Change	
	12 months to December			%
<b>Hungary</b>	<b>112.7</b>	<b>121.7</b>	<b>-9.0</b>	<b>-7.4</b>
<b>EU <sup>(1)</sup></b>	<b>361.8</b>	<b>389.0</b>	<b>-27.2</b>	<b>-7.0</b>
Poland	76.0	93.6	-17.6	-18.8
Romania	159.9	157.5	2.4	1.5
EU 9	64.3	69.7	-5.4	-7.7
EU 15	61.6	68.2	-6.6	-9.7
<b>CIS</b>	<b>302.0</b>	<b>292.9</b>	<b>9.1</b>	<b>3.1</b>
Russia	215.6	194.1	21.5	11.1
Ukraine	34.2	42.1	-7.9	-18.8
Other CIS	52.2	56.7	-4.5	-7.9
<b>USA</b>	<b>127.3</b>	<b>89.3</b>	<b>38.0</b>	<b>42.6</b>
<b>Rest of the World</b>	<b>48.6</b>	<b>48.7</b>	<b>-0.1</b>	<b>-0.2</b>
<b>Total</b>	<b>952.4</b>	<b>941.6</b>	<b>10.8</b>	<b>1.1</b>
Average exchange rate (EUR / HUF)	280.7	251.2	29.5	11.7

Note: <sup>(1)</sup> All Member States of the EU, except for Hungary.

Current and historical average EUR/HUF and US\$/HUF exchange rates are shown in Appendix 3 on page 17.

## 4. Operating segment information

In the following section we present the sales, operating profit and headcount by business segments.

HUFm	Pharmaceuticals		Wholesale and retail		Other		Eliminations		Group total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	12 months to December		12 months to December		12 months to December		12 months to December		12 months to December	
Total sales	223,384	195,631	43,403	38,559	38,032	28,844	(37,475)	(26,516)	267,344	236,518
Profit from operations	55,638	36,175	(5,454)	(2,475)	108	1,009	(1,066)	(553)	49,226	34,156
Income from associates	-	-	63	903	-	-	-	-	63	903
Number of employees at year end	7,672	8,146	1,526	1,774	899	607	-	-	10,097	10,527

Operating profit for the Group originated almost entirely from Pharmaceuticals. Operating profit for this business segment grew by 53.8 % during the 2009 when compared to the previous year. The combined amount of operating profit from subsidiaries and the stakeholding proportional amount of profit from associated companies classified as operating in the Wholesale and retail segment resulted in a loss of HUF 5,391 million during the reported year.

Impairment losses amounting to HUF 0.5 billion were accounted for at most of our Romanian wholesaler units primarily as a result of doubtful receivables. Reimbursement amounts due to pharmacies were only paid belatedly by the Government and consequently pharmacies could not settle their outstanding debts on time. In addition the worsening business environment triggered a consolidation and restructuring of our wholesale and retail activity which has ultimately generated further impairment losses in the total amount of HUF 3.9 billion principally due to writing down the value of goodwill and pharmacy licenses that had been created on the acquisition of such companies.

The turnover of companies classified as belonging to the Other segment increased by 31.9 % (in Euro terms by 18.0 %) in 2009 when compared to the previous year. The increase was due principally to the fact that GR Marketing Polska Sp. z o. o. was created as a new entity, and this subsidiary company undertook the marketing activities of both the Parent Company and Gedeon Richter Polska Sp. z o.o. (originally GZF Polfa). During the third quarter 2009 GZF Polfa sold its subsidiary, Biowet Drwalew, a company which manufactures veterinary products, and thus the sales originated from this segment declined during the reported period.

### 4.1 Sales Report – Pharmaceuticals

In this section, the combined sales performance of the parent company and its manufacturing subsidiaries are discussed in detail. Sales in this pharmaceutical segment in 2009 totalled HUF 223,384 million (EUR 795.8 million), an increase of 14.2 % (2.2% in Euro terms). Except for the USA and Russia, most of our main export markets were affected by the economic downturn and reported declines in turnover levels.

## Pharmaceutical sales by region

HUFm	2009	2008 <sup>(2)</sup>	Change	
	12 months to December			%
<b>Hungary</b>	<b>30,456</b>	<b>29,369</b>	<b>1,087</b>	<b>3.7</b>
<b>EU<sup>(1)</sup></b>	<b>62,656</b>	<b>61,806</b>	<b>850</b>	<b>1.4</b>
Poland	20,566	21,754	-1,188	-5.5
Romania	7,338	5,852	1,486	25.4
EU 9	18,039	17,490	549	3.1
EU 15	16,713	16,710	3	0.0
<b>CIS</b>	<b>82,800</b>	<b>72,450</b>	<b>10,350</b>	<b>14.3</b>
Russia	60,523	48,754	11,769	24.1
Ukraine	8,742	9,936	-1,194	-12.0
Other CIS	13,535	13,760	-225	-1.6
<b>USA</b>	<b>35,695</b>	<b>21,539</b>	<b>14,156</b>	<b>65.7</b>
<b>Rest of the World</b>	<b>11,777</b>	<b>10,467</b>	<b>1,310</b>	<b>12.5</b>
<b>Total</b>	<b>223,384</b>	<b>195,631</b>	<b>27,753</b>	<b>14.2</b>

EURm	2009	2008 <sup>(2)</sup>	Change	
	12 months to December			%
<b>Hungary</b>	<b>108.5</b>	<b>116.9</b>	<b>-8.4</b>	<b>-7.2</b>
<b>EU<sup>(1)</sup></b>	<b>223.2</b>	<b>246.0</b>	<b>-22.8</b>	<b>-9.3</b>
Poland	73.3	86.6	-13.3	-15.4
Romania	26.1	23.3	2.8	12.0
EU 9	64.3	69.6	-5.3	-7.6
EU 15	59.5	66.5	-7.0	-10.5
<b>CIS</b>	<b>295.0</b>	<b>288.5</b>	<b>6.5</b>	<b>2.3</b>
Russia	215.6	194.1	21.5	11.1
Ukraine	31.2	39.6	-8.4	-21.2
Other CIS	48.2	54.8	-6.6	-12.0
<b>USA</b>	<b>127.2</b>	<b>85.7</b>	<b>41.5</b>	<b>48.4</b>
<b>Rest of the World</b>	<b>41.9</b>	<b>41.7</b>	<b>0.2</b>	<b>0.5</b>
<b>Total</b>	<b>795.8</b>	<b>778.8</b>	<b>17.0</b>	<b>2.2</b>
Average exchange rate (EUR / HUF)	280.7	251.2	29.5	11.7

Note: (1) All Member States of the EU, except for Hungary.  
(2) Figures of the period for comparison are adjusted.

A list of products referred to in this report is presented in Appendix 2 on page 17.

### 4.1.1 Hungary

In **Hungary** sales totalled HUF 30,456 million (EUR 108.5 million) in 2009, 3.7 % higher (in Euro terms 7.2 % lower) than in 2008.

Sales levels during the fourth quarter 2009 remained virtually unchanged when compared to the turnover reported in the same period of last year, although they declined approximately 4% compared to the third quarter 2009. Whilst price reductions were insignificant during the fourth quarter, restrictive measures introduced by the Government with effect from 1 April 2009 resulted in lower pharmaceutical consumption, especially amongst the elderly population. The overall macroeconomic conditions also negatively impacted the Company's results in Hungary.

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From 1 April 2009 the Government introduced additional restrictions, with the aim of making further savings in the 2009 budget of the Health Insurance Fund. The 85 % product reimbursement rate which relates mainly to cardiovascular products was reduced to 80 %, implying a 33 % increase in the amount payable by patients. Certain other products were reallocated to lower reimbursement rates, as has been the case with [Cavinton](#), for which the patient is now entitled to only a 25 % reimbursement instead of the previous 55 %.

As set out by the drug economic act of 2007, pharmaceutical companies are required to pay as a contribution to health care expenses an amount equal to 12 % of the subsidy on their products (based on producer prices and pharmacy turnover data) into the Health Insurance Fund. In 2009, this obligation amounted to HUF 1,540 million, compared to HUF 1,592 million paid in 2008. The medical representative fee was reintroduced from 15 February 2009 in an amount of HUF 0.4 million per month per representative. The amount due by 31 December 2009 totalled HUF 545 million. According to the drug economic act, for the year 2009 companies with spending on R&D will become eligible for an up to 20 per cent deduction from the combined amount of the above obligations (ie. the 12 % tax and the medical representative fee), which amounted to HUF 401 million in 2009. As approved by the Parliament on 29 June 2009, the rate of deduction may rise to a maximum of 100 % for year 2010 onward.

Further changes are planned to be introduced to the existing pricing system. The details of the new regulation remain the subject of discussion.

A number of products showed significant sales increases during the twelve months to December 2009, especially [Portiron](#), [Atrombin](#), [Lisonorm](#) and [Moduxin](#). The range of [oral contraceptives](#), together with [Emetron](#) and [Avonex](#) also performed well. Turnover of certain other products however fell behind levels achieved in the base period, including [Ednyt](#) (-22 %), [Calumid](#) (-13%) and [Prednisolon](#) (-22 %).

In the fourth quarter of 2009 [EllaOne](#), an ulipristal containing emergency contraceptive licensed in from HRA Pharma UK Ltd was introduced on the domestic market. In addition a new combination product containing finasteride and tamsulosine, for the treatment of benign prostate hypertrophy, was launched in Hungary during the reported period under the brand name of [Duamild](#).

Based on the latest available market audit (IMS) data for the twelve months to December 2009 and primarily as a consequence of the mergers and acquisitions in the pharmaceutical sector over the last few years, Richter is now the fourth player on the Hungarian pharmaceutical market with a 5.5 % share.

#### 4.1.2 European Union

Sales in the **European Union**, excluding Hungary, amounted to EUR 223.2 million in 2009, representing a decline of 9.3 % when compared to 2008.

In the reported year, although sales of gynaecological products decreased in Euro terms, they still represented 28 % of turnover in the region.

In **Poland**, the largest market for the company in the region, the Group recorded pharmaceutical sales of EUR 73.3 million (PLN 316.9 million). The decrease of 15.4 % in EUR terms over 2008 was primarily the result of the fluctuation of the zloty, the invoicing currency in the Polish market against the Euro. In zloty terms the Group reported a 4.3 % increase during 2009. Notwithstanding the currency effect, certain products achieved higher turnover in Euro terms, including [Groprinosin](#) and [Avonex](#). A number of recently introduced products, such as [Protevasc](#), and [Larus](#) also significantly contributed to the turnover achieved in the reported year.

The montelukast containing anti asthmatic licensed-in product, **Eonic** and **EllaOne**, an ulipristal containing emergency contraceptive licensed in from HRA Pharma UK Ltd were launched in Poland during the fourth quarter of 2009.

In **Romania** sales amounted to EUR 26.1 million, a 12.0 % year-on year increase in Euro terms, compared to the performance in 2008.

With effect from 1 April 2009, prices of imported drugs have been fixed in Leu. Additionally they are not permitted to exceed the lowest of prices observed in 12 EU reference countries or 65 % of the original products' price. Consequently the Group was obliged to change its invoicing currency from Euro to Leu for reimbursed products. From 1 April, doctors have been required to prescribe the INN (International Non-proprietary Name) of the reimbursed drugs rather than a brand name. The overall pharmaceutical market was unfavourable and impacted by substantially delayed payments during the third quarter, which prevailed until the end of the year. From 1 October 2009 the Government introduced significant delays in payment terms in respect of the Central Insurance House towards the wholesalers. Simultaneously, the Government also implemented a claw back regime in the range of 5-12% (aiming at the financing of the overspending of the pharmaceutical budget) to be paid to the Central Insurance House.

The Romanian pharmaceutical market including Richter became more and more affected by payment delays and the price cuts applied as a consequence of the recently modified regulatory environment.

Turnover of **oral contraceptives**, **Moduxin**, **Aflamil**, and **Nallian / Naruyd** (gemcitabine) contributed the most to the sales performance achieved in 2009.

The antihypertensive **Tonolysin** was launched on the Romanian market during the fourth quarter 2009.

In the **EU 9** region sales totalled EUR 64.3 million in 2009, 7.6 % lower in Euro terms than for the previous year. This area represented 29 % of the EU region sales of the Group's total pharmaceutical segment.

The Group continued to face strong competition and sustained pressure from governments which resulted in both lower prices and reimbursement levels year on year.

In the **Czech Republic** turnover in 2009 amounted to EUR 20.4 million, 13.8 % lower than sales levels achieved in 2008. A number of products, such as **Larus**, **Gordius**, **Doxium** and **Damurgin** showed good growth, but were unable to compensate for the sales decline attributable to the discontinued distribution of the licensed-in **Avonex** as of June 2008. In **Slovakia** turnover amounted to EUR 19.4 million in 2009. The discontinuation of the licensing agreement of **Avonex** also affected sales levels achieved in this country. Good performance achieved by **oral contraceptives** and the recently introduced **Larus**, as well as **Aflamil** could not offset the negative impact resulting from the lack of any **Avonex** shipments. When adjusted for the turnover of **Avonex** in the Czech Republic and Slovakia, the Group reported a moderate 3 % and 5 % year on year increase, respectively. In the **Baltic States** sales amounted to EUR 13.8 million in 2009. The poor performance was a consequence of the severe economic downturn in this region. In **Bulgaria** sales totalled EUR 10.5 million in 2009, representing a decline of 3.6 % over the previous year. Notwithstanding the overall decline, sales of certain products, primarily **Dironorm**, **Diroton** and **Aflamil** grew considerably.

In line with the strategic aim of renewing the product portfolio in all markets, during the fourth quarter of 2009 two antihypertensive products namely **Kylotan** (valsartan), and the combination product, **Dironorm** (lisinopril + amlodipine) were launched on the Czech market. **EllaOne**, an ulipristal containing emergency contraceptive licensed in from HRA Pharma UK Ltd was also introduced both in the Czech Republic and in Slovakia. **Dironorm** was also launched in the Baltic

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States too in addition to the cardiovascular [Vidotin](#) (perindopril) and antidepressive [Nepanil](#) (escitalopram).

In the '**traditional**' **15 EU Member States** sales amounted to EUR 59.5 million, 10.5 % lower in Euro terms than in the previous year. This region contributed 27 % of total EU pharmaceutical sales.

Increasing competition in the generic business is evident in the 'traditional' 15 EU Member States and general price erosion continues to impact sales of the Group's products.

In **Germany** Richter Group reported sales of EUR 22.7 million in 2009, representing a 6.8 % decline compared with the turnover in 2008. An increase in sales of enalapril tablets was more than offset by a decline reported in turnover of finished form terbinafine. In **France** the Group's turnover amounted to EUR 13.7 million in 2009, which represented a 26.6 % decrease when compared to the prior year. The decline in both Germany and France was mainly due to sharply reduced stock levels at numerous partners and intensified generic competition.

### 4.1.3 CIS

Sales to the **CIS** in 2009 totalled EUR 295.0 million (US\$ 411.5 million), representing a slight 2.3 % increase (a 2.7 % decline in US\$ terms) compared to 2008. Sales in Russia showed a good growth in Euro terms. Although turnover in Ukraine and the other republics was significantly lower compared to 2008, the rate of decline slowed down to a certain extent in these republics during the fourth quarter 2009.

Turnover of gynaecological products led by the range of oral contraceptives showed flat sales levels (0.5% increase), and represented 21% of total CIS sales in 2009.

Sales to **Russia** totalled EUR 215.6 million in 2009, 11.1 % higher than in last year. Good sales growth was recorded despite the fact that the rouble exchange rate weakened by 20 % against the euro in 2009.

The global financial and economic crisis affected Russia significantly and resulted in a substantial devaluation of the rouble against the euro. This situation combined with depressed crude oil prices created an unfavourable economic environment for all players on the pharmaceutical market. In January 2009, Richter reached an agreement with its wholesalers to compensate part of their losses generated from the unforeseen hectic exchange rate movements in December 2008 and January 2009. Until the final agreement was concluded there were practically no shipments during the first month of 2009. In addition to the overall unfavourable market conditions, the lack of shipments combined with the value of the compensation resulted in a year on year decline in the first quarter 2009. The rouble/euro exchange rate stabilized during March, and this contributed to restoring market confidence. Wholesalers and pharmacies both increased their inventory levels, resulting in higher sales levels. With only limited currency fluctuations during the second quarter, the rebates given for wholesaler compensation decreased when compared to the first three months. In the third quarter the stable rouble/euro exchange rate and increasing crude oil revenues created a more predictable political and economic environment in Russia, which continued to prevail in the last quarter of 2009. The overall improving market conditions resulted in a good 22.1% year on year increase during the fourth quarter, although from a relatively low base.

The most outstanding growth was achieved by [Panangin](#). Increased sales of the range of [oral contraceptives](#), together with [Quamatel](#), [Cavinton](#), and [Decaris](#) also significantly contributed to the performance achieved in the reported period.

Sales to **Ukraine** amounted to US\$ 43.4 million (EUR 31.2 million) in 2009, a significant 25.2 % (in EUR terms 21.2 %) decline over the high base of the previous year. The poor performance was related to the effects of the unstable political and economic situation. The hrivna devalued

substantially by 48 % against the US\$ during 2009. Most of the product portfolio reported a decline in sales.

Sales in **Other CIS republics** totalled US\$ 67.3 million (EUR 48.2 million) in 2009, a 16.2 % (in Euro terms 12.0 %) decrease over the levels achieved in the previous year. The turnover decline in this region was mainly due to unfavourable economic conditions, significant devaluations of local currencies and related declines in purchasing power. Most notable turnover was recorded in **Kazakhstan** but sales here were also severely hit by the economic crisis. Similar to other countries in the region, the devaluation of the local currency (tenge) also contributed to the poor performance of the Group. It was **Moldova**, **Uzbekistan** and **Kirgizistan** in the region that reported sales growth in the period.

#### 4.1.4 USA

Sales in the **USA** totalled US\$ 177.4 million (EUR 127.2 million) in 2009, an excellent increase of 41.0 % in US\$ terms when compared to the base period. A significant increase in sales of our finished form emergency contraceptive, **Plan B** and **Plan B OneStep** and a strong contribution from the profit sharing arrangements with Teva / Barr more than offset a decline in the sales levels of our APIs which were adversely impacted by increasing competition and price erosion. It is management's belief that as far as the profit sharing income is concerned peak levels were achieved in 2009.

Our finished form emergency contraceptive franchise was further expanded in the second half of 2009 by the addition of **Plan B One Step** (1.5 mg levonorgestrel 1x) developed and manufactured by Richter in partnership with Teva / Barr.

Sales of gynaecological products represented 92 % of US sales including the profit sharing income related to **drospirenone** and additionally other contraceptive products supplied to Teva / Barr.

#### 4.1.5 Rest of the World

Sales in these countries amounted to US\$ 58.6 million (EUR 41.9 million) in 2009, a decrease of 4.1 %, (virtually flat sales in Euro terms) when compared to 2008.

Sales increased substantially in **Serbia** and **Brazil**. These countries together represented approximately 15 % of total Rest of the World sales.

## 4.2 Sales report – Wholesale and retail segment

HUFm	2009	2008	Change	
	12 months to December			%
Hungary	257	269	-12	-4.5
Romania	41,399	36,743	4,656	12.7
CIS	1,747	1,547	200	12.9
<b>Total</b>	<b>43,403</b>	<b>38,559</b>	<b>4,844</b>	<b>12.6</b>

EURm	2009	2008	Change	
	12 months to December			%
Hungary	0.9	1.1	-0.2	-18.2
Romania	147.5	146.2	1.3	0.9
CIS	6.2	6.2	0.0	0.0
<b>Total</b>	<b>154.6</b>	<b>153.5</b>	<b>1.1</b>	<b>0.7</b>

The principal aim of the Wholesale and Retail companies is to support the sales levels of our products on the Group's selected traditional markets.

Approximately 95% of the turnover in the wholesale and retail segment was realised by our Romanian subsidiaries, with the remaining part primarily invoiced by our subsidiaries in the CIS region. Turnover in Romania in Euro terms was virtually flat year on year in 2009, which can be mainly explained by the weakening of the Romanian Leu which offset the increase in local currency in the sales levels of our retail chain.

## 5. Main financial indicators

	HUFm			EURm		
	2009	2008	Change	2009	2008	Change
	12 months to December			12 months to December		
			%			%
Total sales	267,344	236,518	13.0	952.4	941.6	1.1
Gross profit	151,022	128,097	17.9	538.0	509.9	5.5
Profit from operations	49,226	34,156	44.1	175.3	136.0	28.9
Net financial income	4,682	8,394	-44.2	16.7	33.4	-50.0
Profit before taxation	53,971	43,453	24.2	192.2	173.0	11.1
Net income attributable to equity holders of parent company	51,174	41,410	23.6	182.3	164.8	10.6

	2009	2008
	12 months to December	
	%	%
Gross margin	56.5	54.2
Operating margin	18.4	14.4
Net income margin attributable to equity holders of parent company	19.1	17.5

## 6. Costs, Expenses, Profits

**Cost of sales** amounted to HUF 116,322 million, (EUR 414.4 million) 7.3 % higher (in Euro terms 4.0 % lower) when compared with 2008.

**Gross margin** in 2009 at 56.5 % compared favourably with the 54.2 % level achieved in 2008. This occurred as a result of the positive impact of the depreciation of the Hungarian Forint exchange rate against both the Euro and the US Dollar during the reported year combined with an increase in turnover resulting from profit sharing agreements. These positive elements were partly offset by an expansion of the lower margin wholesale and retail activity.

**Sales and marketing expenses** amounted to HUF 54,392 million (EUR 193.8 million) during 2009, a 4.8 % increase (a decrease of 6.2 % in Euro terms) when compared with 2008. The proportion to sales of S&M expenses was 20.3 %. The increase is related to the ongoing effect of the expansion of the sales network of the Group implemented in 2008 and to the higher promotional costs of new product launches. S&M expenses include a net amount – taking into account a 20% allowance – of HUF 436 million registration fees payable in respect of medical representatives in Hungary, which were HUF 135 million higher in 2009 when compared with the previous year.

**Administrative and general expenses** totalled HUF 17,511 million (EUR 62.4 million) during 2009, representing a 9.7 % increase (in Euro terms a decrease of 1.7 %) when compared with the levels recorded in the previous year. While administrative and general expenses declined at the parent company as a result of a decrease in advisory fees and amortisation they showed an increase at the subsidiaries.

**Research and development costs** represented 8.6 % of sales and increased by 24.7 % to HUF 22,940 million (EUR 81.7 million) during 2009. The increase when compared with last year resulted primarily from ongoing clinical trials carried out in co-operation with Forest Laboratories.

**Other income and other expenses**, the balance of which was on the cost side during 2009 and 2008, decreased from HUF 7,653 million (EUR 30.5 million) to HUF 6,953 million (EUR 24.8 million), impacted on the income side by the milestone payments linked to the successful completion of the Phase II clinical trial of RGH-188 for bipolar disorder in the first quarter and for schizophrenia in the fourth quarter 2009. On the other hand on the expense side the balance was reduced by expenditure related to the 12 % tax obligation (net HUF 1,170 million - taking into account a 20% allowance) for the reported year as determined by the drug economic act introduced in 2007 and by an impairment losses accounted for at the Parent Company and certain subsidiaries of the Group and finally by an increase in local taxes to be paid by the parent company. Expenses were further increased by impairment losses that were accounted for at the Romanian subsidiaries of the Group in the combined amount of HUF 3.9 billion related to goodwill and pharmacy licenses (see section 2).

**Profit from operations** in 2009 was 44.1 % higher at HUF 49,226 million when compared with 2008 and the consolidated operating margin also increased from 14.4 % to 18.4 % during 2009. In Euro terms operating profit was EUR 175.3 million, an increase of 28.9 % when compared to the previous year.

**Net financial income** for the Group is analysed in detail in the following table:

	HUFm			EURm		
	2009 12 months to December	2008	Change	2009 12 months to December	2008	Change
<b>Unrealised financial items</b>	<b>(1,830)</b>	<b>2,391</b>	<b>-4,221</b>	<b>(6.5)</b>	<b>9.5</b>	<b>-16.0</b>
Reassessment of currency related trade receivables and trade payables	291	202	89	1.0	0.8	0.2
Reassessment of currency loans	(37)	(57)	20	(0.1)	(0.2)	0.1
Reassessment of other currency related items	(737)	1,007	-1,744	(2.6)	4.0	-6.6
Reversal of assessment of forward exchange contracts as of 1 January	(1,239)	-	-1,239	(4.4)	-	-4.4
Unrealised forward exchange contracts	(108)	1,239	-1,347	(0.4)	4.9	-5.3
<b>Realised financial items</b>	<b>6,512</b>	<b>6,003</b>	<b>509</b>	<b>23.2</b>	<b>23.9</b>	<b>-0.7</b>
Result of realised forward exchange contracts	1,745	232	1,513	6.2	0.9	5.3
Exchange losses / gains realised on trade receivables and trade payables	(422)	1,562	-1,984	(1.5)	6.2	-7.7
Exchange gains on conversion	525	629	-104	1.9	2.5	-0.6
Dividends	176	78	98	0.6	0.3	0.3
Net interest income	4,263	3,152	1,111	15.2	12.6	2.6
Other	225	350	-125	0.8	1.4	-0.6
<b>Net financial income</b>	<b>4,682</b>	<b>8,394</b>	<b>-3,712</b>	<b>16.7</b>	<b>33.4</b>	<b>-16.7</b>

Net financial income in 2009 totalled HUF 4,682 million (EUR 16.7 million), reflecting a decrease of HUF 3,712 million (EUR 16.7 million) when compared to a net financial income of HUF 8,394 million (EUR 33.4 million) reported in 2008.

Net financial income in 2009 was not materially impacted by the combined amount of reassessment losses accounted for among the unrealised financial items at the end of period closing exchange rate (HUF 483 million).

Forward exchange contracts were concluded exclusively by the Parent Company both during 2009 and in January 2010 in order to minimise EUR/US\$ exchange rate risks. These contracts provide coverage until 31 December 2010 for approximately half of the net US\$ exposure.

Exchange rate movements are closely monitored by the Company and the conclusion of further forward contracts will be subject to Management's review and approval.

Exchange rate movements for the previous periods are shown in the following table:

	31.12.2008	31.03.2009	30.06.2009	30.09.2009	31.12.2009
EUR / HUF	264.50	307.50	272.10	269.35	270.50
US\$ / HUF	188.47	231.01	192.78	183.78	187.72

Net interest income for 2009 amounted to HUF 4,263 million (EUR 15.2 million) when compared to the HUF 3,152 million (EUR 12.6 million) realised during the previous year.

Financial income for the Group differs from that of the Parent company due to the exclusion of intragroup items (reassessment of intragroup loans, trade receivables and trade payables, as well as dividends and interest payable among Group members) and the reassessment at the end of the period of loans provided to subsidiaries by institutions that are not members of the Richter Group as well as trade receivables and trade payables with respect to third parties. (See details of financial income for the Parent company on page 25.)

**Profit before taxation** amounted to HUF 53,971 million (EUR 192.2 million), an increase of HUF 10,518 million (EUR 19.2 million) over the levels achieved in 2008.

**Profit after taxation** was HUF 51,046 million (EUR 181.8 million) in 2009, HUF 9,469 million (EUR 16.3 million) higher than reported in the previous year.

**Net income attributable to equity holders of the parent company** increased by HUF 9,764 million (EUR 17.5 million) during 2009 to HUF 51,174 million (EUR 182.3 million). It represented 19.1 % of sales compared with the 17.5 % reported for the previous year. Net income attributable to equity holders of the parent company was significantly positively impacted by the profit from operations.

## 7. Earnings per share

	HUF			EUR		
	2009	2008	Change	2009	2008	Change
	12 months to			12 months to		
	December			December		
			%			%
Basic EPS	2,750	2,227	23.5	9.80	8.87	10.5
Diluted EPS	2,746	2,222	23.6	9.78	8.85	10.6

**Basic earnings per share** totalled HUF 2,750 per share (EUR 9.80 per share) in the reported year, an increase of 23.5 % (in Euro terms 10.5 %).

The weighted average number of shares in issue during 2009 was 18,609,307 and 18,590,953 for 2008.

**Diluted earnings per share** amounted to HUF 2,746 per share (EUR 9.78 per share) in the reported year, an increase of 23.6 % (in Euro terms 10.6 %) when compared with HUF 2,222 per share (EUR 8.85 per share) in 2008.

The weighted average number of shares outstanding during both 2009 and 2008 was 18,637,486.

## 8. Balance sheet

**Total assets and total shareholders' equity and liabilities** of the Group amounted to HUF 430,377 million at 31 December 2009, HUF 46,244 million, or 12.0 % higher than that reported at 31 December 2008.

**Non-current assets** amounted to HUF 175,280 million at 31 December 2009, 2.5 % higher than the level reported at 31 December 2008.

Intangible assets increased significantly at the parent company as a result of product license acquisitions while the impairment loss accounted for in relation to the licenses of Romanian pharmacies reduced the combined amount of such assets.

The amount of Investments increased as a result of the acquisition of EUR 20 million worth of bonds exchangeable into Richter shares issued in September 2009 and due in five years.

**Current assets** amounted to HUF 255,097 million and increased by HUF 42,021 million (19.7 %) when compared to the level reported at 31 December 2008 mainly due to higher levels of Cash and cash equivalents.

Inventories at HUF 5.5 billion below the amount reported at 31 December 2008 resulted mainly from the reduction of the inventories at the Parent Company as well as at the Group's wholesaler companies in Romania.

Trade receivables increased by HUF 10.7 billion, approximately half of which was accumulated at the Romanian subsidiaries of the Group as a result of delays of the drug reimbursement payment managed at a national level.

Cash increased by HUF 35.8 billion during 2009 due to the improving net profit and to strict inventory management.

**Shareholders' equity** of the Group amounted to HUF 378,395 million, an increase of HUF 39,109 million over the balance as at 31 December 2008.

**Current liabilities** of the Group at HUF 50,462 million on 31 December 2009 were 15.3 % higher than at 31 December 2008 mainly due to higher levels of both Payables and Other payables.

## 9. Capital expenditure

Capital expenditure for the Group including the acquisition of intangible assets in 2009 totalled HUF 24,090 million (EUR 85.8 million) compared to HUF 22,010 million (EUR 87.6 million) reported for the previous year. Capital expenditure linked to the development of biotechnology R&D facilities and manufacturing capacity in Hungary was HUF 7,461 million (EUR 26.6 million) during 2009.

## 10. Corporate matters

### 10.1 Information regarding Richter shares

**10.1.1** The total number of shares in issue as at 31 December 2009 remained unchanged from the levels reported as at 30 September 2009.

	31 December 2009			30 September 2009		
	Number	Nominal value HUF '000	%	Number	Nominal value HUF '000	%
<b>Ordinary shares</b>	<b>18,637,486</b>	<b>18,637,486</b>	<b>100.0</b>	<b>18,637,486</b>	<b>18,637,486</b>	<b>100.0</b>

**10.1.2** Number of shares held by the Parent company in Treasury decreased during the fourth quarter of 2009.

	Ordinary Shares		
	31 December 2009	30 September 2009	31 December 2008
Number	18,279	35,537	19,898
Nominal value (HUF '000)	18,279	35,537	19,898
Book value (HUF '000)	779,824	1,143,626	558,617

In addition, on 31 December 2009 the Group's subsidiaries held a total of 10,550 ordinary Richter shares.

In accordance with a repurchase obligation stipulated in the programme approved by the Ministry of Finance related to employee share bonuses, the Company repurchased 325 shares from employees who resigned from the Parent company during the fourth quarter in 2009.

The Company purchased 50,000 treasury shares on the Budapest Stock Exchange during the fourth quarter 2009 in addition to a further 31,220 shares on the OTC market.

Based on a decision of the Board of Directors of Gedeon Richter Plc., 62,232 shares held by the Company in Treasury were granted as bonuses during the fourth quarter of 2009 to qualified employees participating in the bonus share programme as well as to members of staff rendering outstanding performance.

In line with a programme approved by the Ministry of Finance in respect of the years 2009-2011 related to employee share bonuses, on 14 December 2009 the Company granted 36,571 shares for 4,475 of its employees for 2009. The value of these shares amounted HUF 1,556 million. These shares will be deposited at the employees' individual securities accounts at UniCredit Bank Hungary Zrt. until 2 January 2012.

On 4 January 2010, following the expiry of the lock-up period the Company was able to remove all restrictions on 38,918 Richter ordinary shares granted to its employees on 17 December 2007 during the first year of a three-year programme approved by the Ministry of Finance in respect of years 2006-2008, thereby enabling these shares to be traded.

The total number of Company shares at Group level held in Treasury at 31 December 2009 was 28,829.

## 10.2 Share ownership structure

Shareholder structure as of 31 December 2009 is presented in detail in the following table:

Ownership	Ordinary shares Number	Voting rights %	Share capital %
<b>Domestic ownership</b>	<b>6,746,005</b>	<b>36.25</b>	<b>36.20</b>
MNV Zrt.	4,680,898	25.15	25.12
Municipality	100	0.00	0.00
Institutional investors	1,622,507	8.72	8.71
Retail investors	442,500	2.38	2.37
<b>International ownership</b>	<b>11,782,883</b>	<b>63.32</b>	<b>63.22</b>
Institutional investors	11,778,565	63.30	63.20
out of which Bank of New York Mellon <sup>(1)</sup>	1,302,151	7.00	6.99
Retail investors	4,318	0.02	0.02
<b>Treasury shares <sup>(2)</sup></b>	<b>28,829</b>	<b>0.00</b>	<b>0.15</b>
<b>Undisclosed property</b>	<b>79,769</b>	<b>0.43</b>	<b>0.43</b>
<b>Share capital</b>	<b>18,637,486</b>	<b>100.00</b>	<b>100.00</b>

Note: <sup>(1)</sup> Global custodians

<sup>(2)</sup> Treasury shares include the combined ownership of the parent company and subsidiaries.

Data in the above table were compiled based on the share registry amended with information provided by KELER Zrt. as clearing company, global custodians and nominees.

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## Appendix 1

### Principal companies of Richter Group<sup>(1)</sup>

#### A. Pharmaceutical companies

**Parent company: Gedeon Richter:** Founded in 1901, nationalised in 1949 and re-privatised in stages from 1990 onwards, Gedeon Richter is a vertically integrated regional multinational company carrying out research and development, manufacturing, sales and marketing activities.

**Gedeon Richter RUS:** Established as a greenfield investment in 1996, our Russian subsidiary manufactures and supplies products to its domestic market. A significant share of its portfolio comprises finished form products and APIs shipped from the parent company that are packaged or tableted on the site.

**Gedeon Richter Romania:** Acquired in 1998, our Romanian subsidiary executes pharmaceutical manufacturing and sales mainly to its domestic market and delivers contract manufacturing and product development activities for the Group.

**Gedeon Richter Polska** (originally GZF Polfa): Acquired in 2002, GZF Polfa is a Polish manufacturing company that in addition to its domestic operations conducts export activities mainly to the CIS region. It also carries out contract manufacturing for the Richter parent company.

**Richter Themis:** Joint venture established in India in 2004. Manufactures intermediates and active pharmaceutical ingredients for the Group's exclusive use and carries out development activities.

**Richter-Helm BioLogic:** Acquired in 2007, our German joint venture is involved in the development, manufacturing and marketing of biosimilar products of microbial origin.

#### B. Wholesaler and retail companies

Wholesalers:

**Dita Import Export and Pharmafarm<sup>(2)</sup>:** Wholesaling group, which supports our products on the Romanian market.

Retail companies:

**Gedeon Richter Farmacia:** Retail operation in Romania comprising 142 pharmacy units which supports the promotion and sale of Richter products.

#### C. Other companies

**All other subsidiaries and joint ventures** of Gedeon Richter Plc rendering services or performing commercial and marketing activities to the Group were classified under this segment.

Note: <sup>(1)</sup> Excluding Joint ventures and Other interests

<sup>(2)</sup> Pharmafarm was transformed to a private company and was delisted from the stock exchange during the first quarter 2009.

## Appendix 2

### Products, active ingredients

The following products are referred to in this report:

Brand name	Active pharmaceutical ingredients	Therapeutic area
Aflamil* /Aflamin cream*	aceclofenac	Non-steroid antiinflammatory
Atrombin / Tessyron / Platrombin	clopidogrel	Cardiovascular, antithrombotic
Avonex*	interferon beta-1a	Multiple sclerosis
Calumid	bicalutamide	Prostate cancer
Cavinton	vinpocetine	Central nervous system, psychostimulant
Damargin / Tamsol	tamsulosine	Urology, benign prostrate hypertrophy
Decaris	levamisole hydrochloride	Gastrointestinal, antihelmintic
Diroton / Tonolysin	lisinopril	Cardiovascular, antihypertensive
Dironorm / Ekvator / Lisonorm	lisinopril + amlodipine	Cardiovascular, antihypertensive
Doxium*	calcium dobesilate	Cardiovascular, vasoprotective
Duamid	finasteride / tamsulosine	Urology, benign prostate hypertrophy
Ednyt	enalapril	Cardiovascular, antihypertensive
EllaOne*	ulipristal	Gynaecology, emergency contraception
Emetron	ondansetrone	Antiemetic
Eonic*	montelukast	Respiratory, antiasthmatic
Plan B / Postinor	levonorgestrel	Gynaecology, emergency contraception
Escapelle / Plan B OneStep	levonorgestrel	Gynaecology, emergency contraception
Gordius	gabapentin	CNS, Antiepileptic
Goprinosisin	inosine pranobex	Antiviral
Kylotan* / Nortivan*	valsartan	Cardiovascular, antihypertensive
Larus*/ Lopamol*/ Atorvox*	atorvastatin	Cardiovascular, cholesterol-lowering
Moduxin / Protevasc	trimetazidine	Cardiovascular, cardiac therapy
Naruyd* /Nallian*	gemcitabine	Oncology
Nepanil	escitalopram	CNS, Antidepressant
Panangin	asparaginates	Cardiovascular, cardiac therapy
Prednisolon	prednisolone	Antiinflammatory
Portiron / Sentor	losartan	Cardiovascular, antihypertensive
Quamatel	famotidine	Gastrointestinal, antiulcer
Vidotin	perindopril	Cardiovascular, antihypertensive

\* Note: Licenced-in products

## Appendix 3

### Average exchange rates used for indicative purposes

	2008 M12	2009 Q1	2009 H1	2009 M9	2009 M12
EUR / HUF	251.2	296.7	290.9	284.5	<b>280.7</b>
US\$ / HUF	171.3	228.9	218.6	208.6	<b>201.2</b>
EUR / US\$	1.47	1.30	1.33	1.36	<b>1.40</b>

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## Balance Sheet

	31 Dec. 2009 Unaudited HUFm	31 Dec. 2008 Audited HUFm	Change %
<b>TOTAL ASSETS</b>	<b>430,377</b>	<b>384,133</b>	<b>12.0</b>
<b>Non-current assets</b>	<b>175,280</b>	<b>171,057</b>	<b>2.5</b>
Property, plant and equipment	142,473	141,935	0.4
Investment property	769	766	0.4
Goodwill	3,534	5,815	-39.2
Intangible assets	10,948	9,821	11.5
Investments in associates	6,293	6,533	-3.7
Investments	8,987	3,578	151.2
Deferred tax assets	668	1,048	-36.3
Loans receivable	1,608	1,561	3.0
<b>Current assets</b>	<b>255,097</b>	<b>213,076</b>	<b>19.7</b>
Inventories	51,303	56,808	-9.7
Trade receivables	79,362	68,671	15.6
Other current assets	9,438	9,190	2.7
Investments in securities	21,723	18,862	15.2
Cash and cash equivalents	93,271	57,456	62.3
Non-current assets classified as held for sale	-	2,089	-100.0
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>430,377</b>	<b>384,133</b>	<b>12.0</b>
<b>Capital and reserves</b>	<b>378,395</b>	<b>339,286</b>	<b>11.5</b>
Share capital	18,638	18,638	0.0
Treasury shares	(825)	(604)	36.6
Share premium	15,214	15,214	0.0
Capital reserves	3,475	3,475	0.0
Foreign currency translation reserves	(8,504)	(7,518)	13.1
Fair value reserves	474	92	415.2
Retained earnings	347,399	307,202	13.1
Capital attributable to non-controlling interest	2,524	2,787	-9.4
<b>Non-current liabilities</b>	<b>1,520</b>	<b>1,099</b>	<b>38.3</b>
Borrowings	702	70	902.9
Deferred tax liability	818	817	0.1
Other non-current liabilities	-	212	-100.0
<b>Current liabilities</b>	<b>50,462</b>	<b>43,748</b>	<b>15.3</b>
Borrowings	5,562	5,053	10.1
Trade payables	31,545	27,864	13.2
Current tax liabilities	361	485	-25.6
Other payables	11,551	8,293	39.3
Provisions	1,443	1,201	20.1
Liabilities directly associated with non-current assets classified as held for sale	-	852	-100.0

Prepared in accordance with IAS 34 Interim Financial Reporting.

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## Income Statement

	12 months to Dec. 2009 Unaudited HUFm	12 months to Dec. 2008 Audited HUFm	Change %
<b>Sales</b>	<b>267,051</b>	<b>236,101</b>	<b>13.1</b>
Royalty and other similar income	293	417	-29.7
<b>Total sales</b>	<b>267,344</b>	<b>236,518</b>	<b>13.0</b>
Cost of sales	(116,322)	(108,421)	7.3
<b>Gross profit</b>	<b>151,022</b>	<b>128,097</b>	<b>17.9</b>
Sales and marketing expenses	(54,392)	(51,921)	4.8
Administration and general expenses	(17,511)	(15,965)	9.7
Research and development expenses	(22,940)	(18,402)	24.7
Other income and other expenses	(6,953)	(7,653)	-9.1
<b>Profit from operations</b>	<b>49,226</b>	<b>34,156</b>	<b>44.1</b>
Income from associates	63	903	-93.0
Net financial income	4,682	8,394	-44.2
<b>Profit before taxation</b>	<b>53,971</b>	<b>43,453</b>	<b>24.2</b>
Income and deferred tax	(1,037)	(498)	108.2
Solidarity tax	(1,888)	(1,378)	37.0
<b>Profit after taxation</b>	<b>51,046</b>	<b>41,577</b>	<b>22.8</b>
Out of which:			
Net income attributable to equity holders of parent company	51,174	41,410	23.6
Net income attributable to non-controlling interest	(128)	167	n.a.
<b>Statement of comprehensive income</b>			
<b>Profit after taxation</b>	<b>51,046</b>	<b>41,577</b>	<b>22.8</b>
Exchange differences arising on translation of foreign operations	(1,101)	(4,114)	-73.2
Fair value reserve	382	67	470.1
<b>Comprehensive income</b>	<b>50,327</b>	<b>37,530</b>	<b>34.1</b>
Out of which:			
Net income attributable to equity holders of parent company	50,570	37,521	34.8
Net income attributable to non-controlling interest	(243)	9	n.a.
<b>Earnings per share (EPS)</b>			
	<b>HUF</b>	<b>HUF</b>	<b>%</b>
Basic	2,750	2,227	23.5
Diluted	2,746	2,222	23.6

Prepared in accordance with IAS 1 and IAS 34 Interim Financial Reporting.

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## Income Statement

	12 months to Dec. 2009 Unaudited EURm	12 months to Dec. 2008 Audited EURm	Change %
<b>Sales</b>	<b>951.4</b>	<b>939.9</b>	<b>1.2</b>
Royalty and other similar income	1.0	1.7	-41.2
<b>Total sales</b>	<b>952.4</b>	<b>941.6</b>	<b>1.1</b>
Cost of sales	(414.4)	(431.7)	-4.0
<b>Gross profit</b>	<b>538.0</b>	<b>509.9</b>	<b>5.5</b>
Sales and marketing expenses	(193.8)	(206.7)	-6.2
Administration and general expenses	(62.4)	(63.5)	-1.7
Research and development expenses	(81.7)	(73.2)	11.6
Other income and other expenses	(24.8)	(30.5)	-18.7
<b>Profit from operations</b>	<b>175.3</b>	<b>136.0</b>	<b>28.9</b>
Income from associates	0.2	3.6	-94.4
Net financial income	16.7	33.4	-50.0
<b>Profit before taxation</b>	<b>192.2</b>	<b>173.0</b>	<b>11.1</b>
Income and deferred tax	(3.7)	(2.0)	85.0
Solidarity tax	(6.7)	(5.5)	21.8
<b>Profit after taxation</b>	<b>181.8</b>	<b>165.5</b>	<b>9.8</b>
Out of which:			
Net income attributable to equity holders of parent company	182.3	164.8	10.6
Net income attributable to non-controlling interest	(0.5)	0.7	n.a.
Average exchange rate (EUR / HUF)	280.7	251.2	11.7
<b>Statement of comprehensive income</b>			
<b>Profit after taxation</b>	<b>181.8</b>	<b>165.5</b>	<b>9.8</b>
Exchange differences arising on translation of foreign operations	(3.9)	(16.4)	-76.2
Fair value reserve	1.4	0.3	366.7
<b>Comprehensive income</b>	<b>179.3</b>	<b>149.4</b>	<b>20.0</b>
Out of which:			
Net income attributable to equity holders of parent company	180.2	149.3	20.7
Net income attributable to non-controlling interest	(0.9)	0.1	n.a.
<b>Earnings per share (EPS)</b>			
	<b>EUR</b>	<b>EUR</b>	<b>%</b>
Basic	9.80	8.87	10.5
Diluted	9.78	8.85	10.6

Prepared in accordance with IAS 1 and IAS 34 Interim Financial Reporting.

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## Income Statement

	October– December 3 months					
	2009 HUFm	2008 HUFm	Change %	2009 EURm	2008 EURm	Change %
<b>Sales</b>	<b>70,255</b>	<b>64,886</b>	<b>8.3</b>	<b>259.7</b>	<b>246.4</b>	<b>5.4</b>
Royalty and other similar income	15	264	-94.3	0.0	1.1	-100.0
<b>Total sales</b>	<b>70,270</b>	<b>65,150</b>	<b>7.9</b>	<b>259.7</b>	<b>247.5</b>	<b>4.9</b>
Cost of sales	(30,928)	(30,446)	1.6	(114.2)	(115.9)	-1.5
<b>Gross profit</b>	<b>39,342</b>	<b>34,704</b>	<b>13.4</b>	<b>145.5</b>	<b>131.6</b>	<b>10.6</b>
Sales and marketing expenses	(13,239)	(15,030)	-11.9	(49.2)	(57.3)	-14.1
Administration and general expenses	(4,382)	(4,687)	-6.5	(16.3)	(17.8)	-8.4
Research and development expenses	(4,998)	(4,341)	15.1	(18.6)	(16.3)	14.1
Other income and other expenses	(4,086)	(4,280)	-4.5	(14.7)	(16.8)	-12.5
<b>Profit from operations</b>	<b>12,637</b>	<b>6,366</b>	<b>98.5</b>	<b>46.7</b>	<b>23.4</b>	<b>99.6</b>
Income from associates	(406)	211	n.a.	(1.4)	0.8	n.a.
Net financial income	1,756	7,430	-76.4	6.4	29.5	-78.3
<b>Profit before taxation</b>	<b>13,987</b>	<b>14,007</b>	<b>-0.1</b>	<b>51.7</b>	<b>53.7</b>	<b>-3.7</b>
Income and deferred tax	(199)	345	n.a.	(0.8)	1.4	n.a.
Solidarity tax	(168)	(453)	-62.9	(0.7)	(1.7)	-58.8
<b>Profit after taxation</b>	<b>13,620</b>	<b>13,899</b>	<b>-2.0</b>	<b>50.2</b>	<b>53.4</b>	<b>-6.0</b>
Out of which:						
Net income attributable to equity holders of parent company	13,613	13,987	-2.7	50.3	53.7	-6.3
Net income attributable to non-controlling interest	7	(88)	n.a.	(0.1)	(0.3)	-66.7
Average exchange rate (EUR / HUF)				271.3	260.3	4.2
<b>Earnings per share (EPS)</b>	<b>HUF</b>	<b>HUF</b>	<b>%</b>	<b>EUR</b>	<b>EUR</b>	<b>%</b>
Basic	732	752	-2.7	2.71	2.90	-6.6
Diluted	731	751	-2.7	2.70	2.89	-6.3

Prepared in accordance with IAS 1 and IAS 34 Interim Financial Reporting.

Company name: Gedeon Richter Plc.  
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 Investor relations manager: Katalin Ördög

## Cash flow Statement

	<b>12 months to 31 Dec. 2009 Unaudited HUFm</b>	<b>12 months to 31 Dec. 2008 Audited HUFm</b>
<b>Cash flows from operating activities</b>		
Profit for the period	51,174	41,410
Depreciation and amortisation	19,703	20,583
Net financial income	(4,682)	(8,394)
Income tax	2,925	1,876
Adjustments related to the acquisition of companies	-	41
Changes in provision for defined benefit plans	-	312
Result from disposal of property, plant and equipment	777	2,368
Impairment of intangible assets	3,887	-
Movements attributable to non-controlling interests	(243)	-
Result from disposal of investment	642	(18)
Changes in receivables	(10,559)	(9,671)
Changes in inventories	5,505	(1,384)
Changes in payables and other liabilities	6,538	(1,486)
Non-current assets and related liabilities classified as held for sale	-	(1,237)
Tax paid	(2,618)	(1,983)
<b>Net cash flow from operating activities</b>	<b>73,049</b>	<b>42,417</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(24,090)	(22,010)
Proceeds from disposal of property, plant and equipment	342	630
Changes in non-current investments	(5,169)	6,309
Changes in current investments	(2,479)	(13,395)
Changes in loans receivable	(47)	(547)
Interest and similar income	4,263	3,152
Dividend income	176	78
Disposal of investment	709	1,500
Acquisition of subsidiary	(150)	(11,146)
<b>Net cash flow from investing activities</b>	<b>(26,445)</b>	<b>(35,429)</b>
<b>Cash flows from financing activities</b>		
Proceeds from conversion of preference shares	-	2
Proceeds from disposal of Treasury shares	(221)	1,114
Dividends paid	(10,976)	(8,404)
Other cash flows from financing activities	243	5,164
Net change of borrowings	1,141	4,255
<b>Net cash flow from financing activities</b>	<b>(9,813)</b>	<b>2,131</b>
<b>Net increase in cash and cash equivalents</b>	<b>36,791</b>	<b>9,119</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>57,456</b>	<b>49,831</b>
Effect of foreign exchange rate changes	(976)	(1,494)
<b>Cash and cash equivalents at end of year</b>	<b>93,271</b>	<b>57,456</b>

Prepared in accordance with IAS 34 Interim Financial Reporting.

**Unconsolidated Report**  
**12 months to December 2009**

## 1. Sales

HUFm	2009	2008	Change		
	12 months to December			%	
<b>Hungary</b>	<b>30,455</b>	<b>29,369</b>	<b>1,086</b>	<b>3.7</b>	
<b>EU <sup>(1)</sup></b>	<b>48,094</b>	<b>48,073</b>	<b>21</b>	<b>0.0</b>	
Poland	12,960	13,227	-267	-2.0	
Romania	4,607	3,465	1,142	33.0	
EU 9	18,001	17,464	537	3.1	
EU 15	12,526	13,917	-1,391	-10.0	
<b>CIS</b>	<b>76,540</b>	<b>69,274</b>	<b>7,266</b>	<b>10.5</b>	
Russia	54,508	45,934	8,574	18.7	
Ukraine	8,742	9,931	-1,189	-12.0	
Other CIS	13,290	13,409	-119	-0.9	
<b>USA</b>	<b>35,692</b>	<b>21,489</b>	<b>14,203</b>	<b>66.1</b>	
<b>Rest of the World</b>	<b>11,579</b>	<b>10,187</b>	<b>1,392</b>	<b>13.7</b>	
<b>Total</b>	<b>202,360</b>	<b>178,392</b>	<b>23,968</b>	<b>13.4</b>	

EURm	2009	2008	Change		
	12 months to December			%	
<b>Hungary</b>	<b>108.5</b>	<b>116.9</b>	<b>-8.4</b>	<b>-7.2</b>	
<b>EU <sup>(1)</sup></b>	<b>171.3</b>	<b>191.4</b>	<b>-20.1</b>	<b>-10.5</b>	
Poland	46.2	52.7	-6.5	-12.3	
Romania	16.4	13.8	2.6	18.8	
EU 9	64.1	69.5	-5.4	-7.8	
EU 15	44.6	55.4	-10.8	-19.5	
<b>CIS</b>	<b>272.7</b>	<b>275.8</b>	<b>-3.1</b>	<b>-1.1</b>	
Russia	194.2	182.9	11.3	6.2	
Ukraine	31.2	39.5	-8.3	-21.0	
Other CIS	47.3	53.4	-6.1	-11.4	
<b>USA</b>	<b>127.1</b>	<b>85.6</b>	<b>41.5</b>	<b>48.5</b>	
<b>Rest of the World</b>	<b>41.3</b>	<b>40.5</b>	<b>0.8</b>	<b>2.0</b>	
<b>Total</b>	<b>720.9</b>	<b>710.2</b>	<b>10.7</b>	<b>1.5</b>	
Average exchange rate (EUR / HUF)	280.7	251.2	29.5	11.7	

Notes: <sup>(1)</sup> All Member States of the EU, except for Hungary.

Current and historical average EUR/HUF and US\$/HUF exchange rates are shown in Appendix 3 on page 17.

Sales by region are analysed in detail in the financial report for the Richter Group.

## 2. Main financial indicators

	HUFm			EURm		
	2009 12 months to December	2008	Change %	2009 12 months to December	2008	Change %
Total sales	202,360	178,392	13.4	720.9	710.2	1.5
Gross profit	130,998	109,243	19.9	466.7	434.9	7.3
Operating profit	51,751	34,130	51.6	184.4	135.9	35.7
Net financial income	7,675	14,103	-45.6	27.3	56.1	-51.3
Profit before taxation	59,426	48,233	23.2	211.7	192.0	10.3
Net profit	57,310	46,876	22.3	204.2	186.6	9.4

	2009	2008
	12 months to December	
	%	%
Gross margin	64.7	61.2
Operating margin	25.6	19.1
Net profit margin	28.3	26.3

## 3. Net financial income

	HUFm			EURm		
	2009 12 months to December	2008	Change	2009 12 months to December	2008	Change
<b>Unrealised financial items</b>	<b>(2,160)</b>	<b>5,553</b>	<b>-7,713</b>	<b>(7.7)</b>	<b>22.1</b>	<b>-29.8</b>
Reassessment of currency related trade receivables and trade payables	10	1,204	-1,194	0.0	4.8	-4.8
Reassessment of currency loans	(4)	1,868	-1,872	0.0	7.4	-7.4
Reassessment of other currency related items	(655)	597	-1,252	(2.3)	2.4	-4.7
Reversal of assessment of forward exchange contracts as of 1 January	(1,239)	-	-1,239	(4.4)	-	-4.4
Unrealised forward exchange contracts	(108)	1,239	-1,347	(0.4)	4.9	-5.3
Impairment / reversal of investments	(164)	645	-809	(0.6)	2.6	-3.2
<b>Realised financial items</b>	<b>9,835</b>	<b>8,550</b>	<b>1,285</b>	<b>35.0</b>	<b>34.0</b>	<b>1.0</b>
Result of realised forward exchange contracts	1,745	232	1,513	6.2	0.9	5.3
Exchange gains realised on trade receivables and trade payables	410	2,037	-1,627	1.5	8.1	-6.6
Exchange gains on conversion	543	681	-138	1.9	2.7	-0.8
Gains on sale of investments	5	422	-417	0.0	1.7	-1.7
Dividends	1,508	973	535	5.4	3.9	1.5
Net interest income	5,306	4,128	1,178	18.9	16.4	2.5
Other	318	77	241	1.1	0.3	0.8
<b>Net financial income</b>	<b>7,675</b>	<b>14,103</b>	<b>-6,428</b>	<b>27.3</b>	<b>56.1</b>	<b>-28.8</b>

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## 4. Pending litigation proceedings

On 15 July 2008, Richter announced that due to the absence of the representatives of Genefar, the closing and the subscription of the new shares scheduled for 14 July 2008 did not take place. Richter immediately initiated discussions in order to find an amicable settlement and complete the anticipated transaction. However, in spite of Richter's efforts, such negotiations remained unsuccessful as Genefar and Mr Starak failed to adhere to the signed agreement. As a result, the combination with Polpharma did not take place and Richter initiated in December 2008 legal proceedings before the Arbitration Court of the ICC, claiming compensation for damages caused by such breach of contract. The ICC proceedings are ongoing.

I, the undersigned declare, that Gedeon Richter Plc. takes full responsibility, the interim management report published today, which contains the Group's twelve months to December 2009 results is prepared in accordance with the applicable accounting standards and according to the best of our knowledge. The report above provides a true and fair view of the financial position of Gedeon Richter Plc., comprises the subsidiaries included in the consolidation, contains an explanation of material events and transactions that have taken place during the reported year and their impact on the financial position of Gedeon Richter Plc. and its subsidiaries included in the consolidation.

Budapest, 9 February 2010

Erik Bogsch  
Managing Director

The financial statements in this report cover the activities of Gedeon Richter Group ('The Group' or 'Richter Group') and Gedeon Richter Plc. ('The Company' or 'Richter'). These interim condensed financial statements are prepared in accordance with IAS 34 Interim Financial reporting. EUR and US\$ amounts have been converted from HUF at average exchange rates for indicative purposes only. The consolidated financial statements for the twelve months period ended 31 December 2008 are audited, while the financial statements for the twelve months period ended 31 December 2009 are unaudited.

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 Investor relations manager: Katalin Ördög

## Balance Sheet

	31 Dec. 2009 HUFm	31 Dec. 2008 HUFm	Change %
<b>TOTAL ASSETS</b>	<b>416,501</b>	<b>365,570</b>	<b>13.9</b>
<b>Non-current assets</b>	<b>209,364</b>	<b>195,685</b>	<b>7.0</b>
Property, plant and equipment	110,677	109,943	0.7
Intangible assets	6,514	3,558	83.1
Investments	64,047	54,388	17.8
Deferred tax assets	416	652	-36.2
Loans receivable	27,710	27,144	2.1
<b>Current assets</b>	<b>207,137</b>	<b>169,885</b>	<b>21.9</b>
Inventories	36,973	39,996	-7.6
Trade receivables	54,364	53,908	0.8
Other current assets	12,454	10,248	21.5
Investments in securities	21,279	18,639	14.2
Cash and cash equivalents	82,067	47,094	74.3
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>416,501</b>	<b>365,570</b>	<b>13.9</b>
<b>Capital and reserves</b>	<b>392,141</b>	<b>345,649</b>	<b>13.5</b>
Share capital	18,638	18,638	0.0
Share premium	15,214	15,214	0.0
Capital reserves	3,475	3,475	0.0
Fair value reserves	469	89	427.0
Treasury shares	(780)	(559)	39.5
Retained earnings	355,125	308,792	15.0
<b>Non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
Borrowings	-	-	-
<b>Current liabilities</b>	<b>24,360</b>	<b>19,921</b>	<b>22.3</b>
Borrowings	-	-	-
Trade payables	14,608	12,602	15.9
Other payables	9,017	6,689	34.8
Provisions	735	630	16.7

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 Investor relations manager: Katalin Ördög

## Income Statement

	12 months to December		
	2009 HUFm	2008 HUFm	Change %
<b>Sales</b>	<b>202,061</b>	<b>177,959</b>	<b>13.5</b>
Royalty and other similar income	299	433	-30.9
<b>Total sales</b>	<b>202,360</b>	<b>178,392</b>	<b>13.4</b>
Cost of sales	(71,362)	(69,149)	3.2
<b>Gross profit</b>	<b>130,998</b>	<b>109,243</b>	<b>19.9</b>
Sales and marketing expenses	(44,228)	(40,069)	10.4
Administration and general expenses	(10,824)	(11,300)	-4.2
Research and development expenses	(22,765)	(18,092)	25.8
Other income and other expenses	(1,430)	(5,652)	-74.7
<b>Profit from operations</b>	<b>51,751</b>	<b>34,130</b>	<b>51.6</b>
Net financial income	7,675	14,103	-45.6
<b>Profit before taxation</b>	<b>59,426</b>	<b>48,233</b>	<b>23.2</b>
Income and deferred tax	(236)	8	n.a.
Solidarity tax	(1,880)	(1,365)	37.7
<b>Profit for the period</b>	<b>57,310</b>	<b>46,876</b>	<b>22.3</b>

### Statement of comprehensive income

<b>Profit for the period</b>	<b>57,310</b>	<b>46,876</b>	<b>22.3</b>
Fair value reserve	380	66	475.8
<b>Comprehensive income</b>	<b>57,690</b>	<b>46,942</b>	<b>22.9</b>

<b>Earnings per share (EPS)</b>	<b>HUF</b>	<b>HUF</b>	<b>%</b>
Basic	3,080	2,521	22.2
Diluted	3,075	2,515	22.3

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## Income Statement

	12 months to December		
	2009 EURm	2008 EURm	Change %
<b>Sales</b>	<b>719.8</b>	<b>708.5</b>	<b>1.6</b>
Royalty and other similar income	1.1	1.7	-35.3
<b>Total sales</b>	<b>720.9</b>	<b>710.2</b>	<b>1.5</b>
Cost of sales	(254.2)	(275.3)	-7.7
<b>Gross profit</b>	<b>466.7</b>	<b>434.9</b>	<b>7.3</b>
Sales and marketing expenses	(157.5)	(159.5)	-1.3
Administration and general expenses	(38.6)	(45.0)	-14.2
Research and development expenses	(81.1)	(72.0)	12.6
Other income and other expenses	(5.1)	(22.5)	-77.3
<b>Profit from operations</b>	<b>184.4</b>	<b>135.9</b>	<b>35.7</b>
Net financial income	27.3	56.1	-51.3
<b>Profit before taxation</b>	<b>211.7</b>	<b>192.0</b>	<b>10.3</b>
Income and deferred tax	(0.8)	0.0	n.a.
Solidarity tax	(6.7)	(5.4)	24.1
<b>Profit for the period</b>	<b>204.2</b>	<b>186.6</b>	<b>9.4</b>
Average exchange rate (EUR / HUF)	280.7	251.2	11.7
<b>Statement of comprehensive income</b>			
<b>Profit for the period</b>	<b>204.2</b>	<b>186.6</b>	<b>9.4</b>
Fair value reserve	1.3	0.3	333.3
<b>Comprehensive income</b>	<b>205.5</b>	<b>186.9</b>	<b>10.0</b>
<b>Earnings per share (EPS)</b>			
	<b>EUR</b>	<b>EUR</b>	<b>%</b>
Basic	10.97	10.04	9.3
Diluted	10.95	10.01	9.4

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## Income Statement

	October – December 3 months					
	2009 HUFm	2008 HUFm	Change %	2009 EURm	2008 EURm	Change %
<b>Sales</b>	<b>53,273</b>	<b>47,806</b>	<b>11.4</b>	<b>196.8</b>	<b>181.3</b>	<b>8.5</b>
Royalty and other similar income	10	266	-96.2	0.1	1.1	-90.9
<b>Total sales</b>	<b>53,283</b>	<b>48,072</b>	<b>10.8</b>	<b>196.9</b>	<b>182.4</b>	<b>7.9</b>
Cost of sales	(19,188)	(19,645)	-2.3	(70.8)	(74.8)	-5.3
<b>Gross profit</b>	<b>34,095</b>	<b>28,427</b>	<b>19.9</b>	<b>126.1</b>	<b>107.6</b>	<b>17.2</b>
Sales and marketing expenses	(10,113)	(11,067)	-8.6	(37.6)	(42.0)	-10.5
Administration and general expenses	(2,358)	(2,978)	-20.8	(8.8)	(11.3)	-22.1
Research and development expenses	(4,982)	(4,507)	10.5	(18.6)	(17.0)	9.4
Other income and other expenses	84	(2,142)	n.a.	0.2	(8.3)	n.a.
<b>Profit from operations</b>	<b>16,726</b>	<b>7,733</b>	<b>116.3</b>	<b>61.3</b>	<b>29.0</b>	<b>111.4</b>
Net financial income	2,587	12,319	-79.0	9.4	48.9	-80.8
<b>Profit before taxation</b>	<b>19,313</b>	<b>20,052</b>	<b>-3.7</b>	<b>70.7</b>	<b>77.9</b>	<b>-9.2</b>
Income and deferred tax	(43)	10	n.a.	(0.1)	0.0	n.a.
Solidarity tax	(167)	(451)	-63.0	(0.8)	(1.7)	-52.9
<b>Profit for the period</b>	<b>19,103</b>	<b>19,611</b>	<b>-2.6</b>	<b>69.8</b>	<b>76.2</b>	<b>-8.4</b>
Average exchange rate (EUR / HUF)				271.3	260.3	4.2
<b>Earnings per share (EPS)</b>	<b>HUF</b>	<b>HUF</b>	<b>%</b>	<b>EUR</b>	<b>EUR</b>	<b>%</b>
Basic	1,027	1,055	-2.7	3.75	4.10	-8.5
Diluted	1,025	1,052	-2.6	3.74	4.08	-8.4

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## Cash flow Statement

	12 months 31 December 2009 HUFm	12 months 31 December 2008 HUFm
<b>Cash flows from operating activities</b>		
Profit from operating activities	51,751	34,130
Depreciation and amortisation	15,762	16,524
Changes in receivables	(2,662)	(13,495)
Changes in inventories	3,023	989
Changes in payables and other liabilities	2,558	(1,713)
Result from disposal of property, plant and equipment and intangible assets	1,341	136
<b>Net cash flow from operating activities</b>	<b>71,773</b>	<b>36,571</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(20,947)	(16,572)
Proceeds from disposal of property, plant and equipment and intangible assets	154	150
Changes in non-current investments	(9,659)	(4,670)
Changes in current investments	(2,260)	(13,873)
Changes in loans receivable	(566)	(4,111)
Interest and similar income	17,771	18,458
Dividend income	1,508	973
<b>Net cash flow from investing activities</b>	<b>(13,999)</b>	<b>(19,645)</b>
<b>Cash flows from financing activities</b>		
Proceeds from conversion of preference shares	-	2
Proceeds from disposal of Treasury shares	(221)	1,114
Other financial expenses	(11,604)	(5,328)
Dividends paid	(10,976)	(8,404)
Net repayment of long-term borrowings	-	-
<b>Net cash flow from financing activities</b>	<b>(22,801)</b>	<b>(12,616)</b>
<b>Net increase in cash and cash equivalents</b>	<b>34,973</b>	<b>4,310</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>47,094</b>	<b>42,784</b>
Increase	36,018	3,448
Effects of foreign exchange rates	(1,045)	862
<b>Cash and cash equivalents at end of year</b>	<b>82,067</b>	<b>47,094</b>

Prepared in accordance with IAS 34 Interim Financial Reporting.