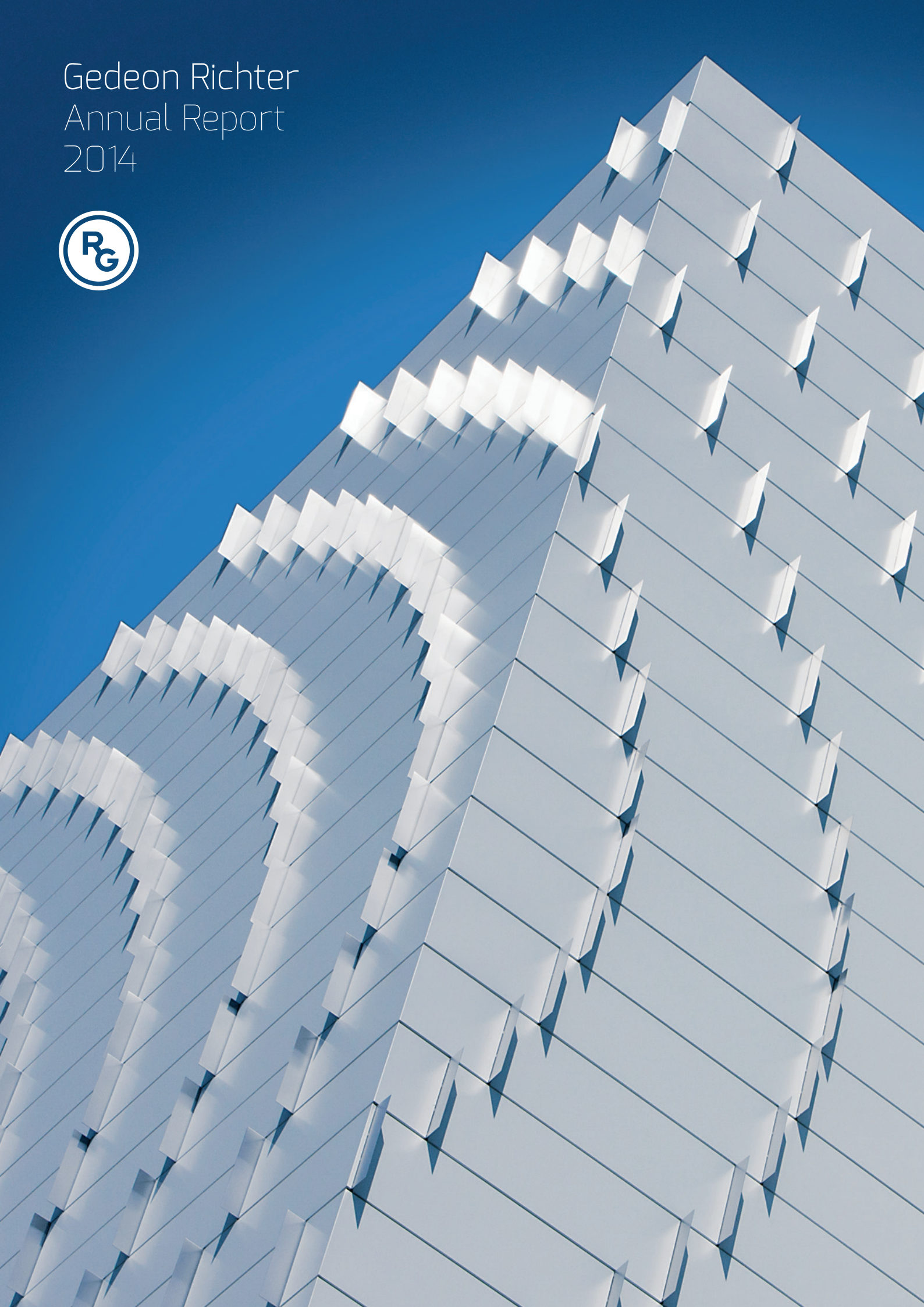
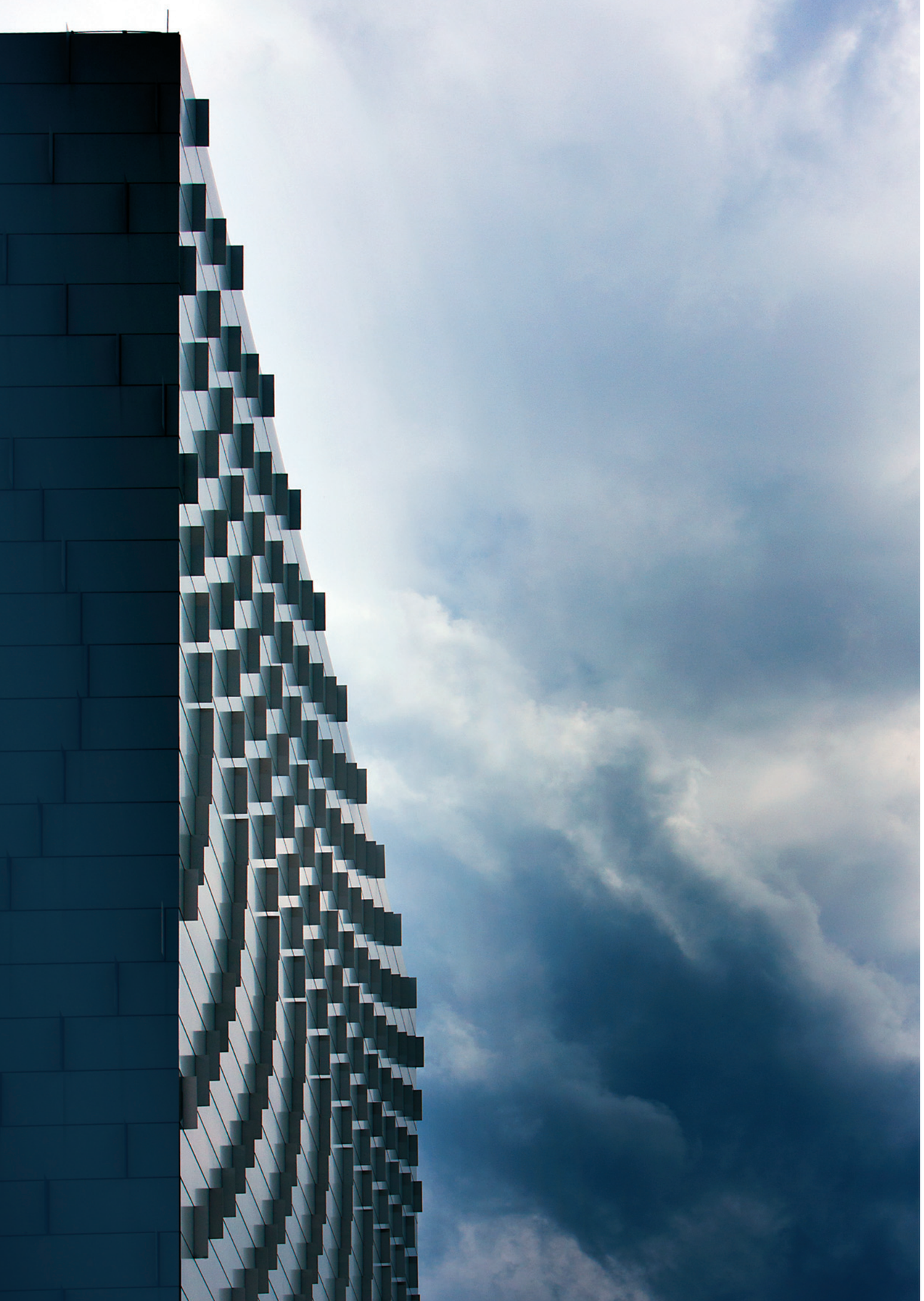
Gedeon Richter
Annual Report
2014





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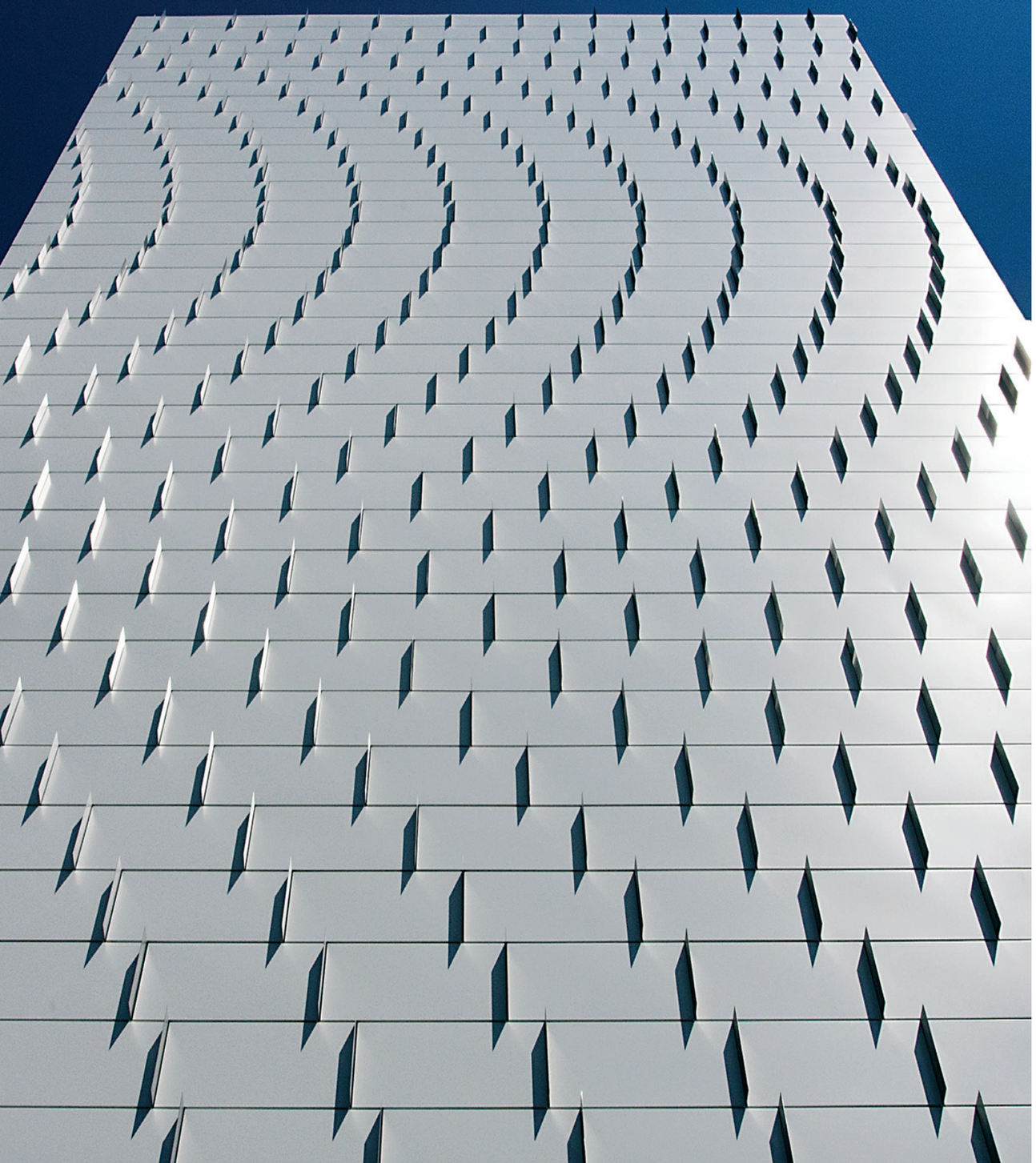
I. Richter – Corporate Review



1. Fact Sheet

Richter Group is active in two major business segments, primarily Pharmaceuticals comprising the research and development, manufacturing, sales and marketing of pharmaceutical products, and it is also engaged in the Wholesale and Retail of these products. In addition, there is a third group ('Other') of companies comprising those members of the Group that provide auxiliary services to the former segments.

Research, development, manufacturing and marketing of pharmaceutical products are the core activities of Richter and in this endeavour the Group is supported by a number of subsidiaries, joint ventures and associated companies. Manufacturing subsidiaries of the Group which operate in traditional markets together with a broad network of trading affiliates that ensure a strong market presence have together created the foundation for regional leadership and a global presence in the specialty area of Gynaecology.

Parent Company Data

Headquarters	1103 Budapest, Gyömrői út 19-21., Hungary	
Mail address	1475 Budapest, Pf. 27., Hungary	
Phone	+36 1 431 4000	
Fax	+36 1 260 4891	
E-mail	posta@richter.hu	
Website	www.richter.hu	
Established	1901	
Main activity	Research, development, manufacturing and marketing of pharmaceutical products	
VAT Number	10484878-2-44 HU 10484878	
Share capital	HUF 18,637,486,000	
Number of shares issued	186,374,860	
Auditor	PricewaterhouseCoopers Auditing Ltd.	
Shares listed at	Budapest Stock Exchange	ISIN: HU0000123096
	Luxembourg Stock Exchange	ISIN: US3684672054
GDRs	issued by BNY Mellon GDR / Ordinary share ratio = 1:1	

Investor Relations Department

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Mail address	1475 Budapest, Pf. 10., Hungary
Phone	+36 1 431 5764
Fax	+36 1 261 2158
E-mail	investor.relations@richter.hu
Website	www.richter.hu

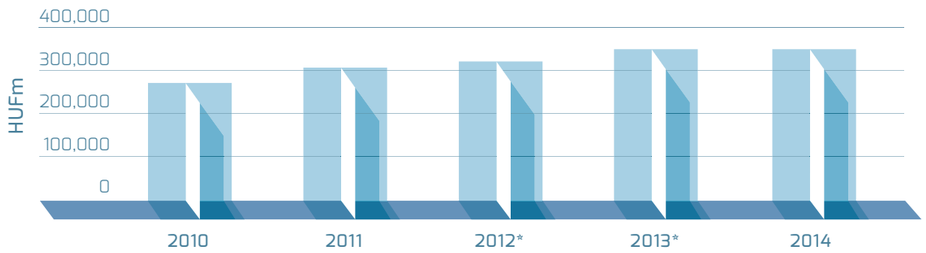
2. Financial Highlights

Consolidated financial highlights

	2014 HUFm	2013 [3] HUFm	Change %	2014 EURm	2013 [3] EURm	Change %
Total revenues	353,709	351,886	0.5	1,145.7	1,185.6	(3.4)
Profit from operations	37,747	46,446	(18.7)	122.3	156.5	(21.9)
Profit for the year	25,034	42,431	(41.0)	81.1	143.0	(43.3)
	2014 HUF	**2013 HUF**	**Change %**	**2014 EUR**	**2013 EUR**	**Change %**
Earnings per share (EPS) [1]	134	229	(41.7)	0.43	0.77	(43.9)
Dividends per ordinary shares [2]	33	57	(42.1)	0.11	0.19	(42.1)

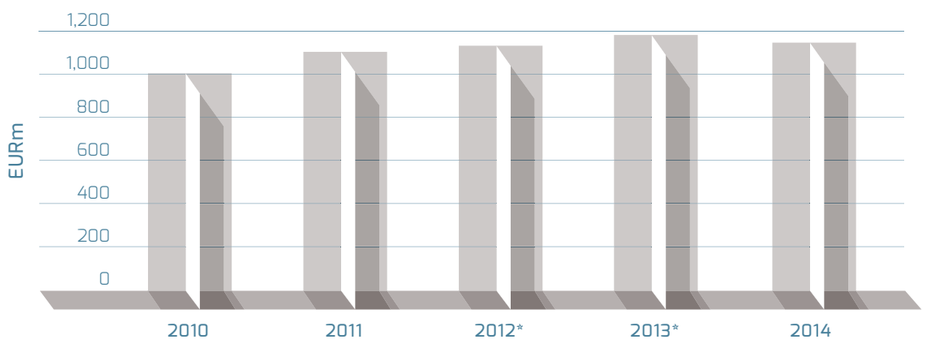
Notes: [1] Earnings per share calculations were based on the total number of shares issued.
[2] The amount of 2014 dividend per ordinary share is HUF 33 as proposed by the Board of Directors.
[3] Restated in respect of IFRS 11 standard. For details see Chapter IV. 3. page 61.

Revenues



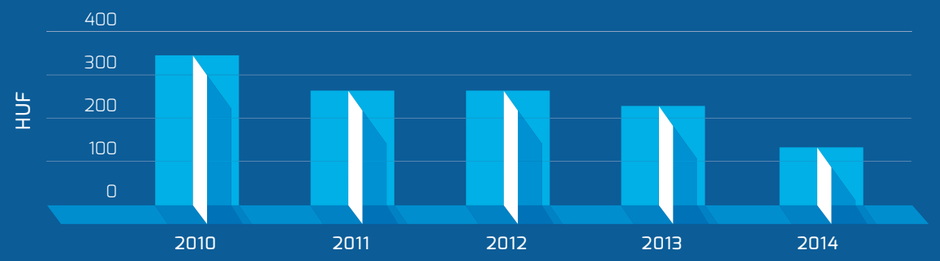
Note: *Restated in respect of IFRS 11 standard. For details see Chapter IV. 3. page 61.

Revenues



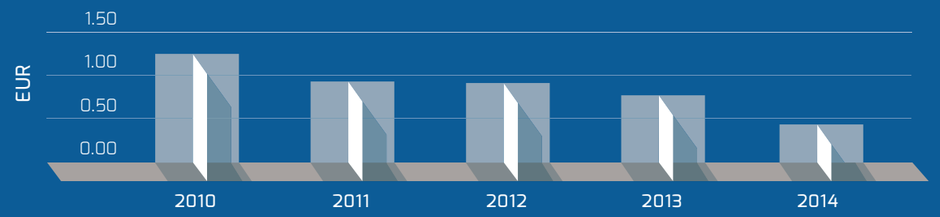
Note: *Restated in respect of IFRS 11 standard. For details see Chapter IV. 3. page 61.

Earnings per share*



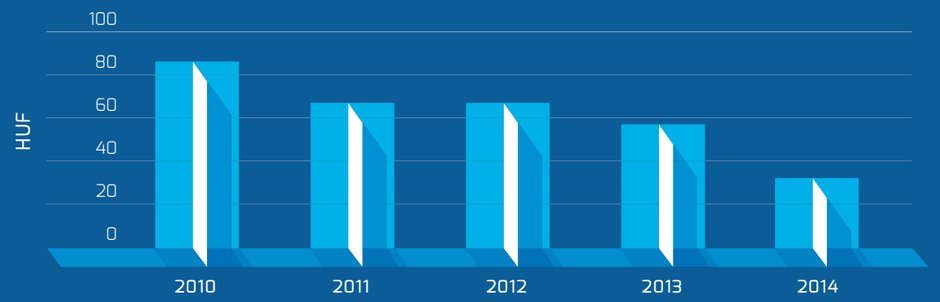
Note: * Earnings per share calculations were based on the total number of shares issued.

Earnings per share*



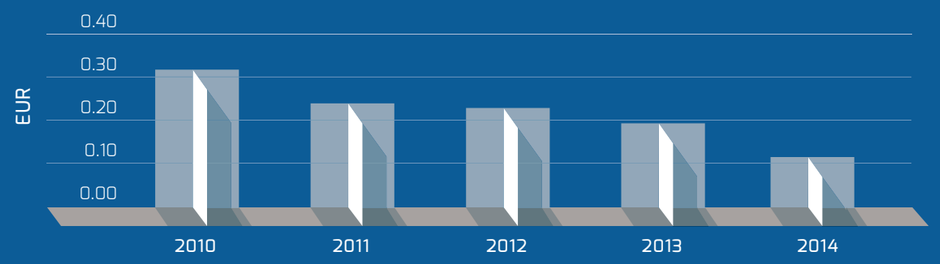
Note: * Earnings per share calculations were based on the total number of shares issued.

Dividends per ordinary share*



Note: * The amount of 2014 dividend per ordinary share is HUF 33 as proposed by the Board of Directors.

Dividends per ordinary share



William de Gelsey – Chairman

3. Chairman's Letter to the Shareholders

I am pleased to present the 20th Annual Report for 2014 of Gedeon Richter established in 1901, now publicly traded company on the Budapest Stock Exchange. In the year under review there have been positive developments and negative challenges, particularly in Russia and the Ukraine. In both countries the currencies i.e. the Rouble and Hryvnia have had major devaluations which negatively affected our results. The purchasing power of the Russian population was greatly influenced by the major fall of the price of oil, directly resulting in lower sales.

On the positive side sales in Western Europe improved, so did in China and in the USA. In addition the expansion of the business in Latin America helped to offset the negative impacts mentioned above.

In late 2014, our US based partner Actavis resubmitted the NDA (New Drug Application) filing, reinforced by additional clinical data which was requested by the US Food and Drug Administration in order to facilitate the positive decision on the registration of Cariprazine for schizophrenia and bipolar mania indications. In the same month we jointly with Actavis announced the successful completion of a long-term study for relapse prevention in patients suffering from schizophrenia. Richter also reported on positive clinical trial results achieved with adult patients with predominantly negative symptoms of schizophrenia.

Female Healthcare, as the core of the Company's strategy, showed encouraging results globally in the year under review. ESMYA®, our original product for the treatment of uterine fibroids following its promising introduction in all EU countries, most of the CIS region and Canada has also received marketing authorization in certain Latin American countries.

In line with our aim to further broaden our core business, a number of co-operation agreements were concluded in this period with companies specialised in Female Healthcare, targeting women of all age groups on all continents.

In order to counterbalance flat sales, Richter's management implemented a cost cutting plan. The Board is delighted to acknowledge the efforts of Mr Erik Bogsch, CEO, who together with his senior management have taken the required steps to ensure to generate long-term shareholder value.

William de Gelsey KCSG
Chairman

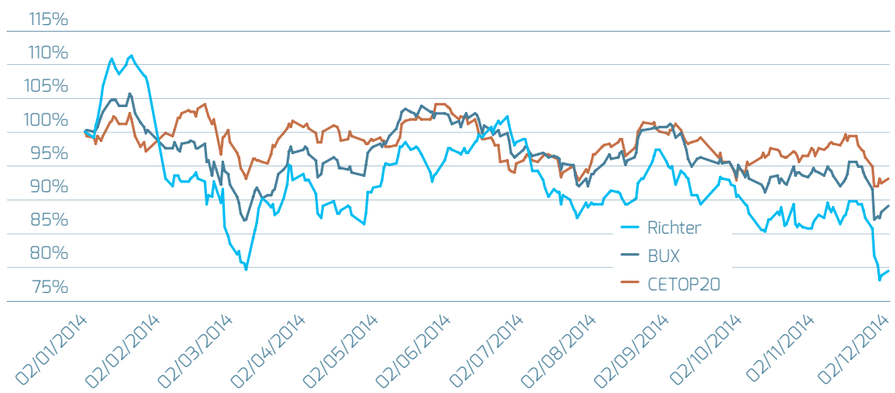
4. Investor Information

a) Share Price and Market Capitalisation

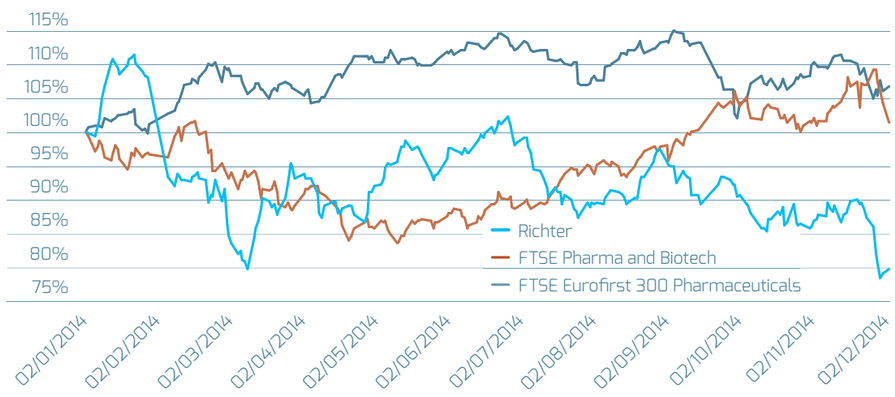
The Gedeon Richter Plc. share price on 2 January 2014 was HUF 4,310. The share price declined by approximately 20 percent to HUF 3,436 by mid March. Beginning from early April the share price remained in the -8 percent to +10 percent band of HUF 4,000 until mid December. The rouble crisis of 16 December impacted the share price to a low of HUF 3,370, that is 22 percent below its value as of 2 January. By the end of the month a certain stabilisation had occurred and on 30 December 2014 Gedeon Richter Plc. shares ended the year 18 percent below their 2 January value, at HUF 3,535.

The company's market capitalisation followed the performance of its share price on the Budapest Stock Exchange and by the end of 2014 at HUF 659 billion reflected a 19.6 percent decrease, in HUF terms when compared to its value recorded on 31 December 2013. Market capitalisation on 31 December 2014 in Euro terms was EUR 2.1 billion, 24.2 percent below the EUR 2.8 billion recorded on 31 December 2013.

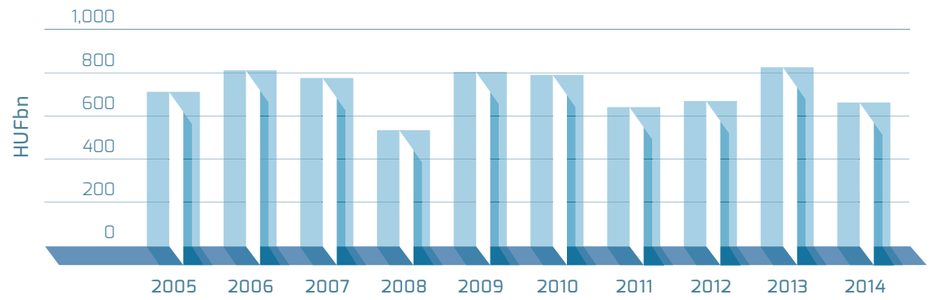
Gedeon Richter share price on the Budapest Stock Exchange compared to BUX and CETOP20 indices



Gedeon Richter share price on the Budapest Stock Exchange compared to FTSE All World Pharma & Biotech and FTSE Eurofirst 300 indices

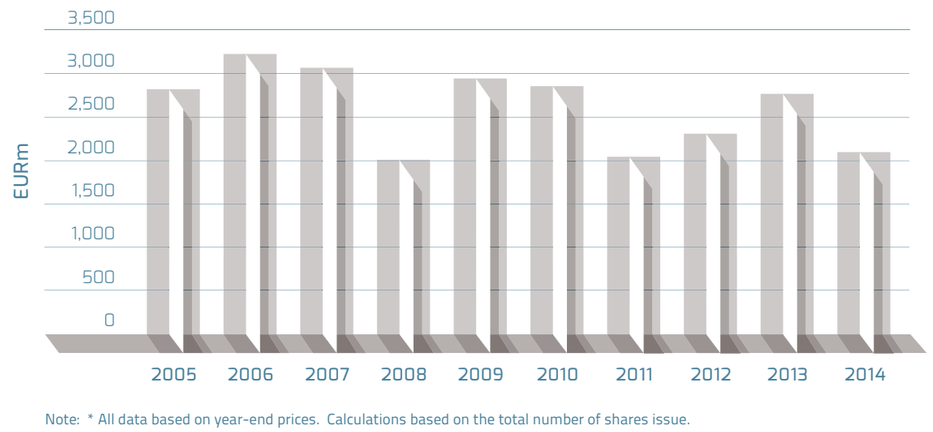


Market Capitalisation*



Note: * All data based on year-end prices. Calculations based on the total number of shares issue.

Market Capitalisation*



Note: * All data based on year-end prices. Calculations based on the total number of shares issue.
Euro calculations adjusted with HUF/EUR exchange rate.

b) Annual General Meeting

The Annual General Meeting is the highest decision-making body of the Company, comprising all shareholders.

The Annual General Meeting will be held at 15.00 on 28 April 2015 at Budapest 1143, Stefánia út 34.

c) Dividend

In accordance with the dividend policy practised by the Company, the Board of Directors recommends the payment of 25 percent of Gedeon Richter Plc.'s net consolidated profit calculated according to International Financial Reporting Standards (IFRS) for 2014.

Dividends approved by the shareholders of Gedeon Richter Plc. at the Annual General Meeting held on 24 April 2014 totalled HUF 10,614 million (EUR 35.8 million) in respect of 2013. The portion payable in relation to ordinary shares amounted to HUF 57 per share, 57 percent of the nominal share value. The record dates for these dividend payments were announced on 16 May 2014 with payments having commenced on 16 June 2014.

d) Investor Relations Activities

The Company reports formally to shareholders four times a year, simultaneously with the announcement of its quarterly non-audited results and publishes its Annual Report, which primarily includes audited financial data

no later than the date of the Annual General Meeting. The AGM of the Company takes place in Budapest and formal notification is sent to shareholders at least 30 days in advance of the meeting. At the Meeting a business presentation is made to shareholders by the Managing Director and all Directors are available during the meeting to respond to questions.

Management, principally the Managing Director and investor relations staff, maintain a dialogue with institutional shareholders on Company performance and objectives through a programme of conferences, regular meetings, conference calls and investor roadshows. Representatives of the IR Department of Gedeon Richter Plc. participated at 5 international conferences and 4 additional investor roadshows in 2014. Gedeon Richter's management also held 22 meetings for approximately 59 fund managers and analysts at its headquarters where the Company's business progress and financial results were presented. Regular conference calls were organised during the year, following publication of the quarterly reports of the Company.

Conferences in 2014

Concorde	"One on One Conference"	Budapest	9 April 2014
UniCredit	"Annual Emerging Europe Investment Conference"	Warsaw	15-16 September 2014
BAML	"Global Healthcare Conference"	London	17-18 September 2014
Erste	"Investor Conference"	Stegersbach	8 October 2014
Wood	"Emerging Europe Conference"	Prague	3-4 December 2014

Investor roadshows in 2014

London	10-11 February 2014
New York, Boston	19-20 June 2014
Stockholm, Copenhagen	2-3 September 2014
London	16 September 2014

The Company's website (www.richter.hu) includes an area which is intended to meet the specific stated needs of investors, analysts and media concerning information on Richter's business operations.

The Company's Investor Relations Department at its office in Budapest continues to act as a focal point for contact (Email: investor.relations@richter.hu Phone: +36 1 431 5764) with institutional shareholders.

e) Analysts Providing Coverage

Analysts providing regular coverage about the company during 2014

Bank of America Merrill Lynch	Mr Jamie Clark
Barclays	Mr Simon Mather
Concorde	Mr Attila Vágó
Erste	Ms Vladimíra Urbánková
Goldman Sachs	Ms Yulia Gerasimova
Jefferies	Mr James Vane-Tempest
Raiffeisen	Mr Daniel Damaska
UBS Warburg	Mr Guillaume van Renterghem
UniCredit	Mr Przemyslaw Sawala-Uryasz
Wood	Mr Bram Buring

f) Information Regarding Richter Shares

Shares In Issue

The total number of shares in issue at 186,374,860 as of 31 December 2014 remained unchanged from the levels reported as at 31 December 2013.

Treasury Shares

Shares held by the Company in Treasury

	Reason of purchase	Number	Nominal value (HUF)	% as of share capital	Book value (HUF)
Opening balance		**61,278**	**6,127,800**	**0.033%**	**275,934,343**
Purchased on BSE	Bonus, Remuneration, Programme approved by NTCA* and stock consideration in respect of business line transfer	2,070,000	207,000,000	1.111%	7,889,829,588
Shares repurchased (OTC)	Bonus, Remuneration, Programme approved by NTCA*	412,083	41,208,300	0.221%	1,624,200,762
Repurchased through Programme approved by NTCA*	Programme approved by NTCA*	19,087	1,908,700	0.010%	75,844,902
Total share purchased		**2,501,170**	**250,117,000**	**1.342%**	**9,589,875,252**
Bonus, Professional Development Programme		(400,776)	(40,077,600)		(1,607,454,795)
Remuneration		(422,760)	(42,276,000)		(1,713,494,942)
Transfer of business line		(1,256,488)	(125,648,800)		(4,822,502,830)
Granted through Programme approved by NTCA*		(478,725)	(47,872,500)		(1,709,614,121)
Total utilization		**(2,558,749)**	**(255,874,900)**		**(9,853,066,688)**
Closing balance		**3,699**	**369,900**	**0.002%**	**12,742,907**

Note: *National Tax and Customs Administration of Hungary

The number of shares held by the Parent company in Treasury decreased during 2014.

The Company purchased during December 2014 the investment management business of its affiliated company, Gedeon Richter Investment Management Limited (Richter Gedeon Befektetéskezelő Kft.), resulting in Gedeon Richter Plc. attaining with effect from 1 January 2015 direct ownership control over the stake holdings of the latter. Gedeon Richter Plc. paid in consideration for the purchased stake holdings a total of 1,256,488 of its own common shares, which represents the Group's ownership.

The Company purchased 2,070,000 treasury shares on the Budapest Stock Exchange during 2014 in addition to a further 412,083 shares on the OTC market.

Based on a decision of the Board of Directors of Gedeon Richter Plc., 823,536 shares held by the Company in Treasury were granted as bonuses during 2014 to qualified employees participating in the bonus share programme as well as to members of staff rendering outstanding performance.

In accordance with a repurchase obligation stipulated in the programme approved by the National Tax and Customs Administration of Hungary (NTCA) related to employee share bonuses, the Company repurchased 19,087 shares from employees who resigned from the Parent company during 2014.

In line with a programme approved by the National Tax and Customs Administration of Hungary (NTCA) in respect of the years 2012-2014 related to employee share bonuses, on 22 December 2014 the Company granted a total of 478,725 shares in respect of 4,959 of its employees for 2014. The value of these shares amounted to HUF 1,710 million. These shares will be deposited at the employees' individual securities accounts at UniCredit Bank Hungary Zrt. until 2 January 2017.

On 5 January 2015, following the expiry of the lock-up period the Company was able to remove all restrictions on 45,681 (according to the current face value: 456,810 shares) Richter ordinary shares granted to its employees on 19 December 2012 during the first year of a three-year programme approved by the Ministry of Finance in respect of years 2012-2014, thereby enabling these shares to be traded.

The total number of Company shares at Group level held in Treasury at 31 December 2014 was 1,365,687.

On 31 December 2014 the Group's subsidiaries held a total of 1,361,988 ordinary Richter shares, 1,256,488 more than the 105,500 ordinary Richter shares, held on 31 December 2013.

Registered Shareholders

The shares held by the Hungarian State Holding Company (MNV Zrt.) remained at 25 percent, a level similar to that of 31 December 2013. The proportion held by domestic investors increased slightly to approximately 8 percent while that of international investors decreased to approximately 67 percent. The proportion of treasury shares including the above mentioned holding of subsidiaries was 0.7 percent at the end of December 2014.

Data in the table below was compiled based on the share registry adjusted for information provided by KELER Zrt. as clearing company, global custodians and nominees.

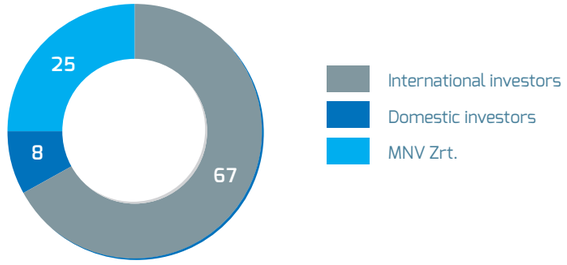
Detailed ownership structure as of 31 December 2014:

Ownership structure on 31 December 2014

Ownership	Ordinary shares Number	Voting rights %	Share capital %
Domestic ownership	**60,215,733**	**32.54**	**32.31**
MNV Zrt. (Hungarian State Holding Company)	47,051,668	25.43	25.25
Municipality	1,164	0.00	0.00
Institutional investors	5,035,532	2.72	2.70
Retail investors	8,127,369	4.39	4.36
International ownership	**124,776,802**	**67.45**	**66.95**
Institutional investors	123,573,719	66.80	66.30
out of which Aberdeen Asset Management Plc.	19,119,054	10.33	10.26
Retail investors	1,203,083	0.65	0.65
Treasury shares*	**1,365,687**	**0.00**	**0.73**
Undisclosed ownership	**16,638**	**0.01**	**0.01**
Share capital	**186,374,860**	**100.00**	**100.00**

Note: *Treasury shares include the combined ownership of the parent company and subsidiaries.

Detailed ownership structure as of 31 December 2014 (%)



Ordinary shareholdings by the members of the Company's Boards

	31 December 2014 Number of ordinary shares	31 December 2013 Number of ordinary shares
Board of Directors	65,782	71,362
Supervisory Committee	6,251	7,460
Executive Board	41,676	93,003
Total	113,709	171,825

Membership of the Company's Boards is shown on pages 19-21 of the Annual Report.

5. Corporate Governance

Corporate Governance principles and practice implemented by the Company are in accordance both with the guidelines set by the Budapest Stock Exchange and the directives of the capital market.

Gedeon Richter's key principles of Corporate Governance are to create and maintain satisfactory dialogue with shareholders so as to enhance shareholder value, to differentiate the roles and responsibilities of the Board of Directors, the Executive Board and the Supervisory Board, and to operate the Group's business in compliance with legal and regulatory requirements and to maintain the highest ethical standards.

The Annual General Meeting ranks as the highest decision making body of the Company, and comprises all shareholders. The Annual General Meeting decides on the adoption of the annual financial statements and the appropriation of profit, the election or removal of members of the Board of Directors, Supervisory Board and Audit Board, the appointment of the statutory auditor, amendments to the Statutes, changes in the Company's share capital and other issues in its competence. With the exception of cases where the presence of a larger number of shareholders is required in order to constitute a quorum, a quorum of the General Meeting exists if shareholders, personally or through their representatives, representing over half of the votes embodied by voting shares are present at the General Meeting and have duly evidenced their shareholder representative status. If the General Meeting has no quorum, the General Meeting is required to be reconvened. With the exception of cases where under given circumstances the presence of a larger number of shareholders is required in order to constitute a quorum, the reconvened General Meeting shall have a quorum for the purpose of considering items on the agenda of the original General Meeting if shareholders representing more than 20 percent of the votes relating to the voting shares issued by the Company are present personally or via proxy at the reconvened General Meeting and their shareholding or representation right has been duly evidenced.

The Board of Directors is the ultimate decision-making body of the Company except with respect to those matters reserved for shareholders. A majority of Directors of the Board are Non-Executive Directors. All the non-executive directors are independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgment. The offices of Managing Director and Chairman are held separately. The latter is elected amongst the non-executive directors. The Board meets regularly, throughout the year. According to the Statutes, it has a formal schedule of matters reserved to it for decisions. The Board works to an agreed agenda in reviewing the key activities of the business and the Company's long-term strategy. The Company Secretary is responsible to the Board and is available to individual Directors in respect of Board procedures. Board members are elected and re-elected at the AGM for a maximum term of 5 years. Two subcommittees of the Board exist which prepare and submit proposals contributing to the Board's decision making process. The subcommittees each consist of at least three non-executive independent Board directors.

The Corporate Governance and Nomination Subcommittee is responsible for considering and making recommendations to the Board concerning the appropriate size, functions and needs of the Board. This responsibility includes establishing the criteria for Board membership; conducting appropriate inquiries into the background and qualifications of possible candidates; considering matters of corporate governance and reviewing periodically our Corporate Governance Principles.

The Compensation Subcommittee is responsible for establishing annual and long-term performance goals and objectives for elected officers. This responsibility includes preparing a proposal for the compensation of the Managing Director.

The Executive Board is responsible for the executive management of the Company's business. The Executive Board is chaired by the Managing Director. In order to maintain a sharp focus on strategic management the board comprises only the Executive Directors.

Overseeing the management of the Company is the Supervisory Board. It meets regularly during the year in accordance with legal requirements and at other times when necessary to consider details of the Company's operating activities. It submits proposals to the Board of Directors and discusses the Company's strategy, financial results, investment policy and systems of internal audit and control. The Supervisory Board is provided with regular and detailed information about the management of the Company. The Chairman of the Supervisory Board may attend meetings of the Board of Directors as an advisor. The members of the Supervisory Board are elected or re-elected from time to time at the AGM for a maximum term of 3 years.

The Audit Board is responsible for the oversight of the Company's internal accounting standards. The Board consists of three independent members of the Supervisory Board who are elected by the AGM.

Board of Directors

6. Company's Boards

Board of Directors

Mr William de Gelsey (1921)
Senior adviser to CA IB Corporate Finance Limited, Member of UniCredit Markets & Investment Banking Division Vienna, London and Budapest. More than 50 years of international investment banking experience. Has significant banking experience in Hungary. A graduate of Trinity College, Cambridge. Joined the Board in 1995. Chairman since 1999.

Mr Erik Bogsch (1947)
Appointed Managing Director in 1992. Chemical engineer, qualified economic engineer. With Richter since 1970, initially in a number of Research and Development management positions. Medimpex director in Mexico from 1977 to 1983. Managing Director of Medimpex UK from 1988 to 1992. Member of the Board of MAGYOSZ, Chairman from 2006.

Mr János Csák (1962)
Economist, sociologist, management and strategic consultant. Ambassador of Hungary to the UK between 2011 and 2014. Previously member of the board of directors and advisory boards of several companies (MOL – Hungarian Oil and Gas Co, Westel - now T-Mobile, Matáv - now Magyar-Telekom, CA-IB Investment Bank). Mr Csák is a trustee for a number of NGOs and a lecturer in social sciences. In 2009-10 visiting fellow in political economy at The Heritage Foundation in Washington DC. Joined Richter's Board of Directors in April 2014.

Dr Gábor Gulácsi (1958)
Appointed Deputy Managing Director upon joining the Company in 2000. Responsible for Finance. Economist, University doctorate in Economic Sciences. Previously General Secretary of State, Ministry of Economic Affairs. Joined the Board in 2010.

Dr László Kovács (1944)
Strategic adviser to Gedeon Richter Plc. Previously Deputy Managing Director with responsibility for Commerce and Marketing from 1990 to 2005. Economist, University doctorate in Economic Sciences. Formerly with Medimpex from 1966 to 1990, Secretary of the Commercial Section of the Hungarian Embassy in São Paulo, Brazil, 1975 to 1978. Joined the Board in 1992.

Mr Csaba Lantos (1962)
Economist and sociologist. Employee of Budapest Bank from 1987, later employee of Creditanstalt Group. At the end of the 1990's leader of CA-IB, then from 2000 to 2007 deputy CEO and member of the Board of Directors of OTP Bank Nyrt. Currently member, chairman of the Board of Directors and of the Supervisory Board of several Hungarian and international companies. Joined the Board of Richter in 2010.

Mr Christopher William Long (1938)
Career diplomat. Experienced in the full range of diplomatic work including management, personnel, political and economic analysis. British Ambassador to Hungary from 1995 to 1998. Joined the Board in 1998.

Dr Gábor Perjés (1941)
Medical doctor, urologist, nephrologist. Assistant at the Postgraduate Medical School between 1966-1970. Member of Parliament from 1990 to 1994. Currently practising as a physician, head of department with Gyógyír XI. Public Company responsible for medical services in district XI of Budapest. Has been a member of the Board since 1992.

Dr Csaba Polacsek (1967)
Economist, PhD in Economics. Chartered accountant registered in Hungary and the US. Worked for Deloitte & Touche between 1991 and 1997, then employed by the Creditanstalt/Unicredit Group for almost 10 years. From 2007 to 2009 regional director for Southern Europe at Arcadom Zrt. Managing Director of FHB Mortgage Bank Plc. between 2009 and 2010. Deputy CEO of Hungarian National Asset Management Inc. responsible for corporate portfolio between 2010 and 2014. Since 2014 Deputy under secretary responsible for property policy and representation of state owned interest. Joined the Board of Richter in 2013.

Prof. Dr Szilveszter E. Vizi (1936)
Medical doctor, academician. Graduated from Semmelweis University of Medicine. From 1989 to 2002 Director of the Institute of Experimental Medicine (IEM) of the Hungarian Academy of Sciences. President of the Hungarian Academy of Sciences between 2002 and 2008. Currently a researcher at the IEM. Joined the Board in 2008.

Dr Kriszta Zolnay (1966)
MSc in Pharmacy, Doctor of Pharmacy, international marketing expert. From 1992 to 2002 worked at Roche Magyarország Kft. as a medical representative and coordinated clinical trials as a biotechnological product specialist. Since 2002 is the owner and managing director of one of Hungary's largest pharmacy, Szeged's Kígyó Pharmacy. Joined the Board in April 2014.

Executive Board

Mr Erik Bogsch (1947)
Appointed Managing Director in 1992. Chemical engineer, qualified economic engineer. With Richter since 1970, initially in a number of Research and Development management positions. Medimpex Director in Mexico from 1977 to 1983. Managing Director of Medimpex UK from 1988 to 1992. Member of the Board of MAGYOSZ, Chairman from 2006.

Dr István Greiner (1960)
Appointed Research Director in 2014. Chemical engineer (M.Sc), a qualified patent attorney, has a PhD and an MBA degree (Open University, UK). Joined Richter in 1984 and has held a number of management positions, including Head of Chemical R&D, Head of the Patent Department between 1996 and 1999. In 2001 he was appointed Deputy to the Research Director and from 2006 he also became responsible for the new recombinant biotechnological activity of the Company.

Dr Gábor Gulácsi (1958)
Appointed Deputy Managing Director upon joining the Company in 2000. Responsible for Finance. Economist, University doctorate in Economic Sciences. Previously General Secretary of State, Ministry of Economic Affairs.

Mr Lajos Kovács (1960)
Appointed Director in 2005. Responsible for Technical services. Chemical engineer, with postgraduate degree in pharmaceutical research. With Richter since 1984 in a number of different roles. Research fellow at the University of Liverpool (UK) between 1987 and 1989.

Mr Sándor Kováts (1960)
Appointed Director in 2006. Responsible for Commercial Operations. Chemical engineer specialised in refined chemistry. Joined Richter in 1984 and has held a number of management positions including Director responsible for Technical Services at Gedeon Richter USA Inc. during 2001-2002.

Mr András Radó (1954)
Appointed Director in 1995. Responsible for Production and Logistics. Deputy Managing Director since 2000. Chemical engineer, economic engineer. With Richter since 1979 in a number of management positions.

Dr György Thaler (1959)
Appointed Development Director in 1993. Chemical engineer, University doctorate in Chemical Sciences. With Richter since 1983 in a number of management positions.

Supervisory Board

Dr Attila Chikán (1944)
Professor of the Corvinus University of Budapest, Business Economics Department. Manager of the Competitiveness Research Centre, doctor of the Hungarian Academy of Sciences. Between 2000 and 2003 Rector of the Budapest University of Economics and Public Administration. From 1998 to 1999 Minister of Economy. Chairman of the Supervisory Board since 2000. Member, Chairman of Audit Board.

Dr Jonathán Róbert Bedros (1961)
Physician, health economist, honorary associate professor. Graduate of Semmelweis Medical University. Head physician and general director of the Ministry of Interior's Central Hospital and Institutions from 1999 to 2005, and of Pest County Flór Ferenc Hospital from 2006 to 2011. Currently head physician and general director of Szent Imre Hospital. Joined the Board in 2012. Member of the Audit Board.

Mr Jenő Fodor (1958)
Employee representative. MA in Chemical-mechanics. With Richter since 1984, Head of Investment at Dorog Site. Joined the Board in 2006.

Mrs Tamásné Méhész (1948)
Chartered accountant, qualified tax expert. Also a certified public accountant. Managing director and owner of S&M Economix Ltd. Registered auditor of various companies. Joined the Board in 2012. Member of the Audit Board.

Mr Gábor Tóth (1955)
Employee representative. Chemical engineer, economic engineer. With Richter since 1980, currently responsible for administration of the share register and representing the Company at the Budapest Stock Exchange (BSE). Joined the Board in 1990.

Changes to Boards during 2014
At the Annual General Meeting on 24 April 2014, the following were reappointed to the Board of Directors for a 3 year period until the 2017 AGM:

Mr William de Gelsey
Mr Erik Bogsch
Dr László Kovács
Dr Gábor Perjés
Prof. Dr E. Szilveszter Vizi

Mr János Csák and
Dr Kriszta Zolnay
were appointed to the Board of Directors for a 3 year period until the 2017 AGM.

Memberships in the Board of Directors of Dr Tamás Mészáros and Mr Gergely Horváth have expired.

Dr István Greiner fulfils the position of Research Director in the Executive Board since 1 August 2014. Former Research Director Dr Zsolt Szombathelyi contribute to the Company's activities as Chief Scientific Officer at Gedeon Richter USA Inc., the US based subsidiary of the Company.

7. Risk Management

In accordance with Gedeon Richter's guidelines for risk-management the company has proceeded with its organization level risk assessment. Following a designated risk-management approach elaborated with expert external assistance, relevant strategic, operational, compliance and financial risks have been identified, and evaluated by the management of the Company.

The following risks proved to be the most typical in each category during the assessment.

1. Strategic risks

	Description	Key risk management methods
Healthcare Budget	The potential impact on the Company of changes and monetary restrictions in healthcare budget and regulation (price reductions, restrictions on reimbursement system, extraordinary taxes)	· Regular analysis of market environment, monitoring changes in the legal and medical subsidy system · Communication with authorities · Adaptation in cost management
Competition and Pricing	The impact on the Company's market position and results of increasing generic competition and the decreasing prices in the competitive market	· Identifying competitive advantages · Focusing on new original and value added products · Introducing new generic products · Regularly performed competitor-, industry- and effectiveness analysis
Macroeconomic Factors	The risk of changes in macroeconomic factors affecting the Company's markets, and especially the impacts on the solvency and the Russian, Ukrainian crisis	· Monitoring changes in major macroeconomic factors, incorporating their effects into the planning · Adaptation in cost management and client relationship · Flexible utilization of local manufacturing capacities

2. Operational risks

	Description	Key risk management methods
Original and biosimilar R&D	The risk relating to the success of original and biosimilar research activities	· To focus the original R&D activity on the CNS and Gynaecological field · To set up the milestones regarding the original and biosimilar R&D activity · Assessment of programs and decision-making within the Research Council
Specialised sales force in Western Europe	The risk relating to the setup of a Western European sales force specialised in the promotion and marketing of our gynaecological products	· Company level projects for the promotion of the new gynaecological portfolio and the launch of ESMYA · Creation of a new unit for the management of the sales force
Qualified Workforce	The risk relating to retention of employees in key positions and ensuring a qualified workforce	· Periodic revision of HR strategy · Training plans, carrier and succession programs · Incentive and performance assessment system · To determine the optimal number of staff · Quality-driven replacement, retentation of employees performing high quality work

3. Compliance risks

	Description	Key risk management methods
Health Authority Regulations, Quality Requirements, Quality Assurance	The risk of compliance with Authority's regulations	· Implementing Quality systems and Standard Operational Processes (SOP) · Monitoring the compliance with health authority regulations
Intellectual Property, Patents and Litigations	The risk relating to patents and patent rights	· Continuous assessment and monitoring of intellectual property and patents · Enforcement of patent rights · Risk minimising agreements
Contracts and Liabilities	The risk relating to managing contractual liabilities and enforcing contractual terms	· Centralised contracting processes · Special treatment of unique contracts

4. Financial risks

	Description	Key risk management methods
Credit and Collections	The risk relating to cash and receivable collection procedures	· Customer rating · Establishing payment terms and credit limits · Regular review of receivables · Insurance on buyer's credits of CIS countries at MEHIB
Foreign Exchange Rate	Unfavorable changes in the exchange rate of the Company's key foreign currencies	· Monitoring annual open FX positions and featured / key FX spot rates · Securing FX conversion rates by financial transactions
Capital Structure and Cash Management	The risk relating to the effective management of the Company's cash demands and cash assets	· Developing and monitoring cash-flow plans · Opening a credit line in order to improve the financing capabilities · To regulate the financial investments in order to handle the investment risk

8. Litigation Proceedings

There were no litigation proceedings that materially impacted the business of Gedeon Richter Plc. during 2014.

Erik Bogsch – Managing Director

II. Managing Director's Review

Notwithstanding the economic and political turmoil in both Ukraine and Russia, which resulted in an enormous pressure on our business during 2014, Richter made further progress in executing its strategic initiatives.

Our Group reported HUF 353,709 million (EUR 1,145.7 million) consolidated sales in 2014, which represented a virtually flat performance, +0.5 percent in HUF terms (a decline of 3 percent in EUR terms) when compared with 2013. Profit after taxation decreased by 41 percent (by 43 percent in EUR terms) in 2014 to a total of HUF 25,034 million (EUR 81.1 million).

I focus this 2014 review on our core activity, the pharmaceutical business, where political tensions that marked the beginning of 2014 in Ukraine have rapidly evolved to military actions in some of the Eastern regions of that country culminating in the annexion of Crimea to Russia. Subsequent currency devaluations in both Ukraine and Russia have impacted on the purchasing power of the population, resulting in sales declines to both countries.

As a consequence of the above mentioned crisis a 4 percent sales decline in RUB terms was reported in Russia. With currently available official statistics as per 31 December 2014 reporting GDP growth at a mere 0.7 percent Russia is facing the risk of recession with oil prices in freefall and a declining economy. A significant, 18 percent devaluation of the Rouble against the Euro prevailed in Russia in 2014. In Ukraine a substantial 23 percent decline in US$ terms in our sales was recorded primarily related to the recent political turmoil and the uncertain economic environment. Despite strong competition and sustained pressure from governments which resulted in both price erosion and lower reimbursement levels in almost all EU countries our Group reported a moderate 3 percent sales growth in EUR terms compared to 2013. In the USA, a 10 percent revenue increase in US$ terms was primarily due to significantly higher sales levels achieved by both the finished form emergency contraceptive PLAN B ONE-STEP and the finished form finasteride. Pharmaceutical market conditions stabilized in Hungary in 2014 and we reported good 5 percent growth in HUF terms on the Company's domestic market.

Substantial healthcare budget constraints were evident throughout the year with increasing pricing pressure on almost all of our markets in Europe. We continued to progress our medium to long term strategic objectives during 2014, namely to become a specialty pharma company and in turn to increase the proportion of high added value products within our Company's portfolio.

Our key specialty area is Female Healthcare, where we provide one of the broadest range of products available to women of all age groups. Gynaecological products represented 31 percent of our total consolidated turnover in 2014.

Following extension of our marketing rights in respect of ulipristal acetate to the territories of Latin America the registration procedure of ESMYA® is ongoing in most of the countries in this region.

Following on from the two acquisitions announced late 2013 in Brazil and in Mexico we bought in May 2014 an initial 51 percent majority stake in Mediplus N.V. a marketing company which covers through its subsidiaries a number of countries in the Latin American region, namely Ecuador, Peru, Chile and Bolivia. It also sells pharmaceutical products to Central American and Caribbean countries. This transaction could be considered as a further step towards establishing our foothold in Latin America, one of the fastest growing regions in the world while at the same time becoming step by step a global female healthcare player.

In January 2014 the European Commission approved the Company's application to extend the use of ESMYA® 5 mg tablets (ulipristal acetate) to up to two courses of three-month treatment for uterine fibroids.

The Phase III clinical studies to establish the long term (on-off) usage of ESMYA® targeting a substantial recession of fibroid tumours and consequently making surgical interventions unnecessary were completed in the second quarter 2014. The application for the marketing authorization was submitted to the European Commission in August 2014. The expected approval date is second quarter 2015.

ESMYA® reported total sales of EUR 33.6 million in 2014.

We are committed to development activities to treat conditions in women that have a severe impact on the patient's quality of life. In September 2014 we announced that Richter and Palatin Technologies, Inc. have entered into a collaboration and license agreement, to co-develop and commercialise bremelanotide for female sexual dysfunction (FSD) indications in the European Union, other European countries and additional selected countries. Bremelanotide complements our active strategy to bring innovative and first-in-class compounds to market.

As a further step to enhance our existing branded female healthcare franchise worldwide, being a paramount strategic initiative for our Company in January 2015 we announced a license and distribution agreement with Bayer HealthCare to commercialise its low dose gestodene and ethynil-estradiol containing transdermal contraceptive patch in the European Union, in other European countries and also in certain Latin American countries under the trademark of LISVY®.

In order to further broaden our female healthcare franchise in February 2015, we announced a collaboration agreement with Evestra Inc. in which Richter is providing a US$ 5 million convertible loan to Evestra which will enable Evestra to accelerate the development of its innovative women's health product pipeline through clinical stages. Under the terms of the agreement, after three years Richter has an option to decide whether the loan is to be reimbursed, including earned interest, or converted into an equity stake in Evestra.

Innovation is a key element in our strategy, as it ensures our Company's future in the long term. Therefore, I personally pay particular attention to the environment in which our R&D team operates. I make every effort possible both to create an encouraging atmosphere and also to maintain strict scientific criteria in order to sustain projects with only the highest quality of science, which together enhances our chances of future success and productivity.

In November 2012, Forest Laboratories, our US based partner, submitted a New Drug Application (NDA) to the U.S. Food and Drug Administration (FDA) for cariprazine for both the treatment of acute exacerbation of schizophrenia and bipolar disorder. A year later Forest Laboratories received a Complete Response Letter for cariprazine, in which the FDA acknowledged that cariprazine clearly demonstrated effectiveness in the treatment of schizophrenia and mania associated with bipolar disorder. However, the Agency indicated more information was required.

In March 2014, Richter and Forest Laboratories announced positive topline results from a Phase IIb trial evaluating the efficacy and safety of the investigational antipsychotic cariprazine as adjunctive treatment in adult patients with Major Depressive Disorder (MDD) who have demonstrated an inadequate response to antidepressant therapy (ADT).

Additionally, also in March 2014 Richter and Forest Laboratories announced positive topline results from a Phase IIb trial evaluating the efficacy and safety of the investigational antipsychotic cariprazine in patients with bipolar depression.

In December 2014, Actavis (Forest) resubmitted the cariprazine dossier with additional data to the U.S. Food and Drug Administration (FDA), which in January 2015 has acknowledged the receipt of Actavis' (Forest) New Drug Application (NDA) resubmission.

In January 2015, Richter and Actavis (Forest) announced positive results from a Phase III trial evaluating the efficacy and safety of cariprazine in the prevention of relapse in patients with schizophrenia.

Richter's management was very pleased to announce also in January 2015 positive top-line results from a Phase IIIb trial evaluating the efficacy, safety and tolerability of cariprazine, a new atypical antipsychotic, in adult schizophrenia patients with persistent and predominant negative symptoms. This is the first study to demonstrate clinically relevant efficacy in a group of patients who had been without a reliable treatment option. Based on the preliminary data of the study, cariprazine may offer a unique treatment to improve the patients' and their relatives' quality of life.

I am convinced that a pharmaceutical company, which aims to remain competitive over the long term, should create a portfolio containing high added value products. Exploration into new innovative areas, such as original research activity or biosimilar product development, carries high risks but provide opportunities for future relatively high revenue.

The significance of biotechnology products continues unabated in the global pharmaceutical market. Twenty-eight percent of the products given marketing authorisation between November 2010 and October 2011 in the USA and one-third of all the new drugs in the European Union are of biotechnological origin. Experts unanimously agree that the market share of biotechnology products will continue to grow in the future. While the small-molecule drug market is currently estimated to grow by 4 percent annually, the market for biotechnology products is expected to grow by more than 10 percent a year. This trend is further bolstered by the fact that approximately one-third of all current clinical development projects are known to be of biotechnological origin. Two products in our pipeline are in the late clinical stage of development. One is teriparatide, a biosimilar product of a PTH fragment, treating osteoporosis co-developed with Helm AG. The other project in a Phase III clinical trial is the biosimilar PEG-GCSF for the treatment of neutropenia in patients being treated with cytotoxic chemotherapy, developed exclusively by Richter. Our first biosimilar products are expected to be authorised in 2016 and thereafter.

We are in a transition period, changing our business model substantially, that will create opportunities for us to remain competitive in the long run. But it also triggers significant burdens and carries high risks, that is the significant increase in the level of operating expenses, primarily Sales and Marketing costs and Research and Development costs. We consider this trend to be a short term sacrifice for medium-long term success, whereby our strategic projects really start to bear fruit and deliver growth both at the top and the bottom line. I personally appreciate our shareholders patience and their trust which enables us to proceed on our way of executing our strategy.

Despite the significant economic and political challenges being experienced in our region, I am confident that the progress that we continue to make in our priority areas means that the Richter Group is well positioned to manage the challenges of a rapidly changing business environment. Overall, I am confident that our core focus on innovative product development, coupled with the changes we are making to our business model, are positioning the company competitively for the long term. I would like to express my gratitude for the efforts our dedicated employees have made during the year which have allowed me and the Executive Management Team to concentrate on resolving the key issues and challenges. Finally, I would like to thank to our shareholders for their ongoing support as we continue to pursue our strategy and dedicate ourselves to innovation in order to further broaden our acknowledged specialty portfolio of high added value products. In this endeavour we rely on both our existing scientific knowledge and on know how facilitated by a continuously expanding partnership base.

Erik Bogsch
Managing Director

III. In Transition

1. The Pharmaceutical Industry

The steady growth experienced by the pharmaceutical industry over the past few decades was brought to an abrupt end when the financial crisis suddenly erupted in mid 2008. The instability of the financial institutions soon enough infected entire economies while in the pharmaceutical industry, the well known issue of increasingly limited novel development pipelines resulted in disturbing volatility for pharmaceutical corporations with a sound defensive reputation among investors.

Industry related problems that accumulated slowly over past decades suddenly broke out. Issues such as lengthy product development, increasing regulatory hurdles and exposure to constraints of national healthcare budgets underlined the vulnerability of the pharmaceutical business.

Many of the generic companies which found themselves impacted by the double constraints of increasing peer competition and restrictive (national) budgetary environments were to select different strategies aimed at securing their future presence on the pharmaceutical market. They became either global and retained margins through improving economies of scale or became specialised and secured EPS growth by implementing a more complex business model.

Richter, having preserved its original research over the past century and having invested significant resources in building up one of the widest female healthcare portfolio worldwide, was a natural candidate for the latter strategy, i.e. go specialised.

2. Transition from Regional Midpharma to Pan-European Specialty Pharma

Following the Russian financial crisis in 1998 Richter management decided to rebalance its geographic exposure. The USA business was scaled up initially by signing a strategic agreement with Duramed, later revised and extended both in scope and in duration with Barr, who acquired Duramed. The arrangements focusing on Richter's niche specialty area, Female Healthcare, presented a concentration of the business from a therapeutic point of view, with a dilution of excessive dependency from a geographic point of view. Although challenges have recently been experienced at our USA business Richter has repeated the same scenario, which has proven to be successful in the past decade. Having acquired a divested OC portfolio and a novel original drug on the verge of European authorization Richter has moved into Western European markets with one carefully selected therapeutic area, Female Healthcare.

Thus from a regional perspective Richter has become a Pan-European specialty pharmaceutical company with a focus on Female Healthcare. From the point of view of therapeutic areas represented on each of the sub-regions we can state that Female Healthcare has a strong presence in Western Europe as well as in Central and Eastern Europe and in the CIS region. Gynaecological sales are complemented with generic sales in the CIS region while further specialty sales (cariprazine, biosimilars) are expected to add value to Western European sales in the coming years.

As part of our strategy to rebalance our regional presence, and at the same time expand the Female Healthcare franchise to a global scale we also strengthened our position in such fast growing regions as China and Latin America. In China our direct presence was enhanced in 2013 by acquiring a majority stakeholding in a local company involved in the distribution of prescription drugs on the local market in addition to the existing JV marketing oral and emergency contraceptives. Additionally, we expanded our earlier established marketing agreement with HRA Pharma for ESMYA® to Latin America in 2013. Consequently, Richter initiated the gradual buy-out of its local partners both in Brazil and Mexico during December 2013 with a special focus on registration of specialty products belonging to the Female Healthcare product portfolio, focusing on oral contraceptives and ESMYA® together with the establishment of a related sales network. The next step was to buy a majority stake in a well-established marketing company based in Curaçao, which covers through its subsidiaries a number of countries in the Latin American region, namely Ecuador, Peru, Chile and Bolivia. It also sells pharmaceutical products to Central American and Caribbean countries.

Beyond the geographical expansion and balancing our regional presence, we have also focused on broadening the existing partnership base, primarily in the field of our core expertise that is Female Healthcare. Following

the acquisition of both PregLem, with its innovative product ESMYA®, and of an oral contraceptive portfolio divested by Grünenthal, established collaboration agreements have been concluded with various companies. Agreements have been signed with companies including the Australia based Acrux for an estradiol skin spray therapy for menopause symptoms, with the US based Palatin to co-develop and commercialise bremelanotide for female sexual dysfunction (FSD), with Bayer of Germany, having licensed in a low dose gestodene and ethynil-estradiol containing transdermal contraceptive patch under the trademark of LISVY® and with the US based Evestra, to co-finance the development of its innovative advanced contraceptive devices, namely vaginal rings, through clinical development.

3. Strategic Focus – Innovation

All Richter activities are connected by one key word – innovation. It is considered to be of paramount importance that one can only successfully adapt to the rapidly changing domestic and international environment if innovation is placed at the very heart of all of Group activities.

a) Female Healthcare

One of Richter's most important niche areas is its gynaecological business. The Company has unique and long-term experience in this field dating back to when its founder, Mr Gedeon Richter, a pharmacist started to conduct research into steroids. This was at a time when they had complete novelty. Since then the Company has consistently utilised its pharmaceutical manufacturing facilities to undertake the required complex and lengthy development processes which result in high quality gynaecological products.

Currently, Richter makes available one of the world's broadest range of female healthcare products while still continuing to extend its product portfolio.

A key element of the Company's strategy has been and remains the development of its gynaecological business. In accordance with this strategy, two acquisitions were concluded during 2010, both of which further strengthened the female healthcare portfolio. The acquisition of PregLem created a platform for Richter to develop a new class of drugs for the treatment of benign gynaecological conditions. The most advanced product in this portfolio is ESMYA® for preoperative treatment of uterine fibroids, which was launched both in 2012 and in 2013 across Europe. The purchase of Grünenthal's well established oral contraceptive franchise boosted both our existing gynaecological sales and also created a platform for establishing a female healthcare sales network in Western Europe.

Additionally, it is an important objective for us to broaden and strengthen our female healthcare product portfolio via establishing collaboration agreements with companies possessing promising products or development projects.

ESMYA®

Uterine fibroids are the most common benign, solid tumours of the female genital tract, affecting between 20 and 25 percent of women of reproductive age. The condition is characterized by excessive uterine bleeding, anaemia, pain, frequent urination or incontinence, and infertility. To date, GnRH agonists have been the only approved pre-operative treatment for uterine fibroids and their use has been relatively limited due to side effects resulting from the suppression of oestrogen to post-menopausal levels (hot flashes, depression, mood swings, loss of libido, vaginitis and loss of bone mineral density).

ESMYA® 5 mg tablet containing ulipristal acetate is a first-in-class, orally active, selective progesterone receptor modulator. It reversibly blocks the progesterone receptors in target tissues. The 12 weeks once-a-day oral therapy (vs. injectable GnRH agonist) is effective to stop uterine bleeding, correct anaemia and shrink fibroid volume. It improves quality of life and has no castration side effects unlike GnRH agonists.

In February 2012 the European Commission (EC) granted marketing authorization to ESMYA® 5 mg tablet as pre-operative treatment of moderate to severe symptoms of uterine fibroids. Following receipt of the marketing approval, the product has been registered and launched all across Europe, in the CIS region and also by our US based partner Actavis, in Canada.

Launch of ESMYA® with reimbursement

Country	Launch	Reimbursed
Germany	Q1, 2012	Q1, 2012
United Kingdom	Q2, 2012	Q2, 2012
Austria	Q2, 2012	Q4, 2012
Denmark	Q4, 2012	Q4, 2012
Norway	Q4, 2012	Q4, 2012
Hungary	Q2, 2012	Q1, 2013
Sweden	Q1, 2013	Q1, 2013
Slovakia	Q3, 2012	Q1, 2013
Slovenia	Q4, 2012	Q2, 2013
Netherland	Q3, 2012	Q2, 2013
Czech Republic	Q2, 2012	Q3, 2013
Belgium	Q3, 2013	Q3, 2013
France	Q3, 2013	Q3, 2013
Spain	Q4, 2013	Q3, 2013
Canada	Q3, 2013	Q3, 2013
Finland	Q4, 2013	Q4, 2013
Luxemburg	Q3, 2013	Q4, 2013
Switzerland	Q4, 2013	Q4, 2013
Ireland	Q1, 2014	Q1, 2014
Bulgaria	Q4, 2012	Q1, 2014
Portugal	Q3, 2012	Q1, 2014
Estonia	Q3, 2012	Q3, 2014
Italy	Q3, 2014	Q3, 2014

Launch of ESMYA® without reimbursement

Country	Launch
Poland	Q2, 2012
Latvia	Q3, 2012
Lithuania	Q3, 2012
Romania	Q3, 2012
Russia	Q2, 2013
Belorussia	Q4, 2013
Georgia	Q4, 2013
Kazahstan	Q4, 2013
Turkmenistan	Q4, 2013
Ukraine	Q4, 2013
Croatia	Q1, 2014
Armenia	Q1, 2014
Uzbekistan	Q1, 2014
Serbia	Q1, 2014
Tajikistan	Q1, 2014
Moldova	Q1, 2014
Kyrgyzstan	Q2, 2014
Azerbaijan	Q3, 2014

Following the acquisition of PregLem in 2010, Richter received exclusive licensing rights to develop and market ESMYA® in the EU region. At the same time such rights were licensed out to Watson Pharmaceuticals Inc. for the USA and Canada. In December 2011, Richter obtained from HRA Pharma an extension of its geographical scope for ESMYA® to the CIS and China. During 2014 Richter and HRA Pharma have entered into a further licensing agreement in connection with marketing rights of ulipristal acetate for the treatment of benign gynaecological disorders with respect to the territories of Latin America.

The European Commission approved in January 2014 the Company's application to extend the use of ESMYA® 5 mg tablets (ulipristal acetate) to up to two courses of three-month treatment of uterine fibroids.

In order to expand the indication to meet the needs of a wider range of affected women Richter initiated Phase III clinical studies in the third quarter 2012 to establish the long term (on-off) usage of ESMYA® targeting a substantial recession of fibroid tumours and consequently making surgical interventions unnecessary. The studies were completed in the second quarter 2014. The application for the marketing authorization was submitted to the European Commission in August 2014. The expected approval date is in second quarter 2015.

ESMYA® reported total sales of EUR 33.6 million in 2014.

Female Contraception

We offer a broad range of contraceptive options to assist women to shape their lives according to their wishes. When it comes to the choice of contraceptive methods, reliability, safety, ease of use and convenience all play a major role. Step by step we have built up a product portfolio, which contains a number of first, second, third and fourth generation oral contraceptives and emergency contraceptives providing a broad range for the female population to choose those products which fit most with their personal needs.

A further step was taken towards the aim of broadening our female healthcare portfolio when in January 2015 we announced a license and distribution agreement with Bayer HealthCare to commercialise its low dose gestodene and ethynil-estradiol containing transdermal contraceptive patch in the European Union, in other European countries and also in certain Latin American countries under the trademark of LISVY®. National marketing authorizations have been gradually granted in the majority of European countries following the approval in the European Union in the first quarter 2014.

In February 2015, Richter and Evestra Inc. announced a collaboration agreement in which Richter is providing a US$ 5 million convertible loan to Evestra, which will enable Evestra to accelerate the development of its innovative women's health product pipeline, with a special focus on contraceptive vaginal rings, through clinical stages.

Products for Menopause (Hormone Replacement Therapy, Osteoporosis Medications)

The menopause is a period of natural transition that every woman eventually experiences. The decline in oestrogen production that characterises this transition period can have short and long term implications. It is no secret that the menopause might have a negative influence on quality of life. Furthermore, oestrogen loss is closely associated with the development of osteoporosis and bone fractures. Our aim is to maintain women's health and quality of life over the long term. According to an established cooperation with Acrux an Australian drug delivery company, Richter expects to commercialise Acrux's estradiol skin spray therapy for female menopause symptoms in markets outside the United States.

Other Gynaecological Products

Richter's overall target is to offer a complete range of female healthcare products and in accordance with this objective we also provide treatment for gynaecological infections.

In September 2014, Richter and the US company Palatin Technologies Inc. announced that they have entered into a collaboration and license agreement, to co-develop and commercialise bremelanotide for female sexual dysfunction (FSD) indications in the European Union, other European countries and additional selected countries.

Main gynaecological products of Richter Group

Brand name	Active ingredients	Product type	Regions where launched[1]
Oral contraceptives (OC)			
VOLINA / MIDIANA / ARANKA / MAITALON 30	DRP + 30 mcg EE	Fourth generation	Hungary; EU; CIS; RoW
SYMICIA / DAYLETTE / VOLINA MITE / REZIA / MAITALON 20 / DARYLIA / DIMIA / LILADROS / ARANKELLE	DRP + 20 mcg EE	Fourth generation	Hungary; EU; CIS; RoW
REGULON / DESORELLE / DESMIN 30	DSG + 30 mcg EE	Third generation	Hungary; EU; CIS; RoW
NOVYNETTE / DESMIN 20 / FEMINA	DSG + 20 mcg EE	Third generation	Hungary; EU; CIS; RoW; Latin America
AZALIA / LACTINETTE	DSG	Third generation	Hungary; EU; CIS; RoW
LINDYNETTE 20 / KARISSA	GST + 20 mcg EE	Third generation	Hungary; EU; CIS; RoW; Latin America
LINDYNETTE 30	GST + 30 mcg EE	Third generation	Hungary; EU; CIS; RoW
MILLIGEST / TRISTIN / PERLEAN	GST + EE	Third generation	Hungary; EU
RIGEVIDON / MICROFEMIN	LVG + EE	Second generation	Hungary; EU; CIS; RoW; China; Latin America
TRI-REGOL	LVG + EE	Second generation	Hungary; EU; CIS; RoW; China
BELARA / CHARIVA / LYBELLA / BALANCA / BELARINA / EVAFEM	CLM + EE		Hungary; EU; CIS; RoW; Latin America
NEO-EUNOMIN	BCLM + EE		EU
EVE 20	norethisterone + EE	First generation	EU
SILUETTE / MISTRAL / MISTRA / SIBILLA	dienogest + 30 mcg EE	Fourth generation	Hungary; CIS
Emergency contraceptives (EC)			
POSTINOR / RIGESOFT / LEVONELLE-2 / PLAN B	LVG (2x)		Hungary; EU; CIS; USA; RoW; China; Latin America
ESCAPELLE / LEVONELLE ONE-STEP / PLAN B ONE-STEP	LVG (1x)		Hungary; EU; CIS; USA; RoW; China; Latin America
ELLAONE [2]	ulipristal acetate		Hungary; EU; CIS; RoW
Contraceptive device (CD)			
GOLDLILY / SILVERLILY	Au + Cu, Ag + Cu	IUD	Hungary; EU; CIS
Menopausal care			
TULITA / MINIVEL	norethisterone + estradiol	HRT	Hungary
TRIAKLIM	norethisterone + estradiol	HRT	Hungary
PAUSOGEST	norethisterone + estradiol	HRT	Hungary
GOLDAR[2]	tibolone	HRT	EU
ESTRIMAX	estradiol	HRT	Hungary; EU
OSSICA	ibandronate	Osteoporosis	Hungary; EU
SEDRON / OSTALON / SIRANIN / BEENOS	alendronate	Osteoporosis	Hungary; EU; CIS; RoW; Latin America
CALCI-SEDRON-D / OSTALON CALCI D	alendronate + Ca, vitamin D	Osteoporosis	Hungary; CIS; RoW
Pregnancy care and Obstetrics			
GRAVIDA [2]	vitamins	Pregnancy care	Hungary
OXYTOCIN	oxytocine	Labour induction (injection)	Hungary; EU; CIS; RoW; Latin America
BROMOCRIPTIN	bromocriptin mesilate	Prolactin inhibitor	Hungary; EU; CIS; RoW; China
Gynaecological infections			
MYCOSYST	fluconazole	Antifungal	Hungary; EU; CIS; RoW; Latin America
GYNO FEMIDAZOL	miconazole nitrate	Antifungal	EU
GYNOFORT [2] / GYNAZOL [2]	butoconazole nitrate	Antifungal (cream)	Hungary; EU; CIS; RoW
KLION D	metronidazole + miconazole	Antifungal	Hungary; EU; CIS; RoW; Latin America
Other Gynaecological conditions			
ESMYA®	ulipristal acetate	Uterine myoma	Hungary; EU; RoW
NORCOLUT	norethisterone	Premenstruation syndrome, mastodynia, dysfunctional uterine bleeding, endometriosis	Hungary; CIS; RoW; China; Latin America
LORITAN [2]		Medical pad for the detection of potential leakage of the amniotic liquid	Hungary
LEVOSERT [2]	levonorgestrel	Menorrhagia	Hungary; EU; CIS; RoW
Bulk products		**Oral contraception**	**EU; USA; RoW; Latin America**

Abbreviations:
DRP: Drospirenone
EE: Ethynil estradiol
BCLM: Biphasic-chlormadinone
LVG: Levonorgestrel
DSG: Desogestrel
GST: Gestodene
CLM: Chlormadinone
HRT: Hormone replacement therapy

Notes: [1] Products are launched in certain countries of the given region.
[2] Licenced-in products.

b) Original Research – Focus on CNS

Research of new chemical entities has always been of paramount importance to our corporate strategy. Since 1998 major changes have occurred in the structure of Richter's research organisation. State of the art laboratories have been built in the area of neuropharmacology, molecular biology, kinetics and metabolism and during the late 1990's pharmacological facilities have also been upgraded, while a new chemical-analytical research centre that meets the highest quality and technological requirements has more recently been constructed. In addition to modernisation of the technological infrastructure, a restructuring strategy has been implemented to ensure that the quality of science, innovation and speed are critically important factors in our research and to increase the opportunities for the research system to deliver high quality compounds. Following a major review of our research pipeline and resources, a strategic decision was taken to focus our original research activities exclusively on the CNS area. Aware of our capabilities and limits it was concluded that cooperation was required in order to share our knowledge and experience and share the significant related development costs and risks. In line with this aim, in 2004 we signed a research and development collaboration agreement with Forest Laboratories and also with MitsubishiTanabe Pharma for our atypical antipsychotic, cariprazine and related compounds. In March 2013 we entered into a comprehensive and long term collaboration agreement with Orion Corporation for the discovery and development of new chemical entities in the field of cognitive disorders.

As a consequence of increasing pressure to improve cost efficiency, we conducted a thorough review of our CNS portfolio in 2014 which resulted in a number of projects being either dropped or suspended and related reduction in personnel. We have also rationalised our research activities, as far as the target areas are concerned, as a result of which we have narrowed our focus to obesity, cognitive disorders and autism.

Cariprazine

Cariprazine, discovered and patented by researchers at Gedeon Richter, is an orally active, potent D_3/D_2 receptor partial antagonist that preferentially binds to D_3 receptors. In addition, cariprazine has a low potency at other receptor sites, such as 5-HT2C, histamine H1, and adrenergic receptor sites, which have been associated with adverse events. Based on its pharmacological profile, cariprazine appears to be a competitive antipsychotic drug candidate with robust efficacy and a favourable side effect profile.

Recent Developments

Jointly with Forest Laboratories we have carried out successful Phase II and Phase III trials in bipolar mania and schizophrenia, which enabled our partner to compile and submit a New Drug Application (NDA) to the U.S. Food and Drug Administration (FDA) for both indications in November 2012. 12 months later, on 19 November 2013 the U.S. Food and Drug Administration (FDA) issued a complete response letter regarding the New Drug Application (NDA) for cariprazine. In the complete response letter, the FDA acknowledged that cariprazine clearly demonstrated effectiveness in the treatment of schizophrenia and mania associated with bipolar disorder. However, the Agency indicated more information would be needed. Actavis (Forest) resubmitted the updated registration dossier in December 2014. The FDA response is expected by mid 2015.

In March 2014, Richter and Forest Laboratories announced positive topline results from a Phase IIb trial evaluating the efficacy and safety of the investigational antipsychotic cariprazine as adjunctive treatment in adult patients with Major Depressive Disorder (MDD) who have demonstrated an inadequate response to antidepressant therapy (ADT).

Additionally, also in March 2014 Richter and Forest Laboratories announced positive topline results from a Phase IIb trial evaluating the efficacy and safety of the investigational antipsychotic cariprazine in patients with bipolar depression.

In December 2014, Actavis (Forest) resubmitted the cariprazine dossier with additional data to the U.S. Food and Drug Administration (FDA), which in January 2015 acknowledged the receipt of Actavis' (Forest) New Drug Application (NDA) resubmission.

In January 2015, Richter together with Actavis (Forest) announced positive results from a Phase III trial evaluating the efficacy and safety of cariprazine in the prevention of relapse in patients with schizophrenia.

Additionally, also in January 2015 Richter's management was very pleased to announce positive top-line results from a Phase IIIb trial evaluating the efficacy, safety and tolerability of cariprazine, a new atypical antipsychotic, in adult schizophrenia patients with persistent and predominant negative symptoms. This is the first study to demonstrate clinically relevant efficacy in a group of patients who had been without a reliable treatment option. Based on the preliminary data of the study, cariprazine may offer a unique treatment to improve the patients' and their relatives' quality of life.

c) Biosimilars

Richter identified a number of years ago, the potential growing importance of biological drugs in the medium to long term and took the strategic decision to enter this novel, high added intellectual value field. In doing so, Richter's management was confident that its decades long expertise in fermentation, a most sensitive procedure used both in the manufacturing process of biological drugs and in that of steroids, creates a competitive edge over many of its peers which might be considering a similar shift in strategy.

Initially, Richter acquired in 2007 a family owned R&D and manufacturing site near Hamburg, Germany, establishing with Helm a joint venture business with Richter as the majority shareholder. The site comprises a plant able to perform the manufacturing of bacterial and yeast cell based proteins, a pilot plant and a connecting laboratory unit.

A much larger scale investment followed with the construction in Budapest of a pilot plant and a laboratory to complement a totally new manufacturing unit built in the city of Debrecen in Eastern Hungary. This Hungarian complex enables development in Budapest and manufacture in Debrecen of biological drugs based on mammalian cells.

When selecting candidate products Richter proceeded very carefully, focusing on two main therapeutic areas, notably Oncology and Immunology. Both these areas are considered to be among the highest growth rate therapeutic segments. Two products in our pipeline are in late stage clinical development. One of them is teriparatide, a biosimilar product of a PTH fragment co-developed with Helm AG for the treatment of osteoporosis. The results of the necessary clinical trials are expected to be available in 2015. Richter-Helm in 2014 signed a license agreement with Stada for the commercialisation of teriparatide throughout Europe. The other project in late stage clinical trials is the biosimilar PEG-GCSF, developed exclusively by Gedeon Richter. Following successful registration, the product may be used in neutropenia in patients being treated with cytotoxic chemotherapy. Richter expects its first biosimilar products to receive authorisation in 2016 and thereafter.

As is customary when it comes to relatively higher risk or significantly larger investments, Richter identified strategic alliances with companies similarly interested in biosimilars in order to share both risks and costs. In this endeavour Richter has concluded two such agreements, one with Mochida for the Japanese market, and the other with Stada based in Germany. Further partners are sought with the aim of establishing joint product development activities.

Dr István Greiner – Research Director Dr György Thaler – Development Director

IV. Business Review

1. Pharmaceuticals

a) Research and Development

Innovation and the research of original drug molecules have been key elements in the Company's strategy since its foundation in 1901. With more than 1,000 employees in the field of research and development, Richter today is the most significant pharmaceutical research base in the Central and Eastern European region. Pharmaceutical R&D covers three strategic areas, notably research and development of new chemical entities (NCEs), recombinant biotechnological activities and the development of generic products.

Research and development of new chemical entities focuses on the Central Nervous System area and on Female Healthcare.

In November 2013, after a twelve month review period, the U.S. Food and Drug Administration (FDA) issued a Complete Response Letter regarding a New Drug Application (NDA) for cariprazine (RGH-188), our antipsychotic compound. In the Complete Response Letter, the FDA acknowledged that cariprazine clearly demonstrated effectiveness in the treatment of schizophrenia and mania associated with bipolar disorder. However, the Agency indicated more information would be needed. During 2014 Actavis (Forest) and Richter made intense efforts to compile a resubmission dossier supplemented with new data and information from ongoing clinical trials. The structure and content of the modified application was discussed with the FDA and as a consequence the updated new file was resubmitted in December 2014. The FDA response is expected mid 2015.

In addition, two further Phase IIb clinical trials for cariprazine were completed in 2014. Both were being carried out in cooperation with Forest Laboratories in bipolar depression and in adjunctive therapy to major depression indications. In both cases results were positive and it further widened therapeutic indications of cariprazine. Other Phase III clinical studies regarding both relapse prevention and efficacy in patients with predominantly negative symptoms in schizophrenia were also completed at the end of 2014. In both cases positive top line results were announced in January 2015. These two studies could have a positive impact and significance regarding the European registration procedure. A positive relapse prevention study was inevitably required by the EMA for registration purposes. The unique and unprecedented outcome of the clinical study in patients with predominantly negative symptoms provides a strong argument for differentiation and for potential price negotiations, offering treatment for a currently unmet medical need. Our Japanese partner, MitsubishiTanabe Pharma, is also conducting Phase III clinical trials to fulfil the regulatory requirements for product introduction on the Japanese market.

In order to improve cost efficiency the CNS portfolio was reviewed during 2014 and as a result, a small number of early stage projects were suspended and related personnel and cost was reduced. For the same reason one early stage project was eliminated from the clinical portfolio. At the end of the year, besides cariprazine, the Company has a research portfolio of 11 ongoing projects, one of which is in early clinical phase. The remainder are in the preclinical phase of development.

The European Commission approved in January 2014 the Company's application to extend the use of ESMYA® 5 mg tablets (ulipristal acetate) to up to two courses of three-month treatment for uterine fibroids.

Results of the Phase III clinical study initiated in 2012 to establish the long term (on-off) use of ESMYA® was submitted to the EMA in August 2014. The expected approval date is in second quarter 2015.

Strengthening our product portfolio in the field of Female Healthcare Gedeon Richter recently signed a collaboration and license agreement with Palatin Technologies, to co-develop and commercialise bremelanotide for female sexual dysfunction (FSD) indications in the European Union, other European countries and additional selected countries. The relevant Phase III clinical studies have been initiated in the USA in 2014.

At the end of 2014 the clinical portfolio consisted of the following:

Clinical portfolio

Name of compound	Clinical phase		Primary indications	Partner
ESMYA®	Entered market	EU, CIS, Canada	Uterine myoma	-
	Phase III	USA		Actavis
cariprazine (RGH-188)	Under registration	USA	Schizophrenia, bipolar mania	Actavis
	Phase III		Major depression	
	Phase II		Bipolar depression	
	Phase III	EU	Schizophrenia, negative symptoms	-
	Phase III	Japan	Schizophrenia	MitsubishiTanabe
bremelanotide	Phase III	EU	Female sexual dysfunction	Palatin

Based on our almost 50 years of experience in the area of classical fermentation, combined with molecular biology knowledge, a strategic decision was made by the management in 2006 to start recombinant biotechnological activities at the Company. The Hamburg based Richter-Helm Biologics, established jointly with Helm AG, carries out development and manufacturing of microbial proteins. In addition, a biotechnology laboratory and pilot plant in Budapest became operational in 2009. Meanwhile a greenfield investment which was commenced in Debrecen in 2008 targeting the production of the most complex mammalian cell products, was inaugurated and became operational in 2012. Two of our projects are in late stage clinical trials, teriparatide for the treatment of osteoporosis and PEG-GCSF for patients suffering in neutropenia as a consequence of cytotoxic chemotherapy. The results of these clinical trials are expected to be available in 2015.

The Company considers it essential to establish partnerships to facilitate the development and marketing of new molecules. We join forces with academic and university institutions in the early phase of our research activities, while we make efforts to establish cooperation with other pharmaceutical companies when it comes to the development of molecules in clinical phases. In this regard partnerships with the US-based Forest Laboratories and with the Japanese company MitsubishiTanabe Pharma have contributed substantially to the Company's research activity. In particular Richter's experience in preclinical trials is complementary with Forest's experience in clinical trials. We are pleased to report that Richter further expanded its partnership base in the field of original research activities by entering into a comprehensive and long term collaboration agreement for the discovery and development of new chemical entities in the field of cognitive disorders with Orion Corporation. According to the agreement the partnership provides an opportunity whereby the two companies jointly select and bring forward three discovery phase candidates and share all the development related expenses on an equal base.

In addition to the comprehensive and long term license and collaboration agreement signed in late 2010 with Mochida Pharmaceutical Co. Ltd. in respect of the development and marketing of Richter's biosimilar product portfolio, we have announced two separate license and collaboration agreements in respect of the development and marketing of two biosimilar products, two monoclonal antibodies, with Stada Arzneimittel AG.

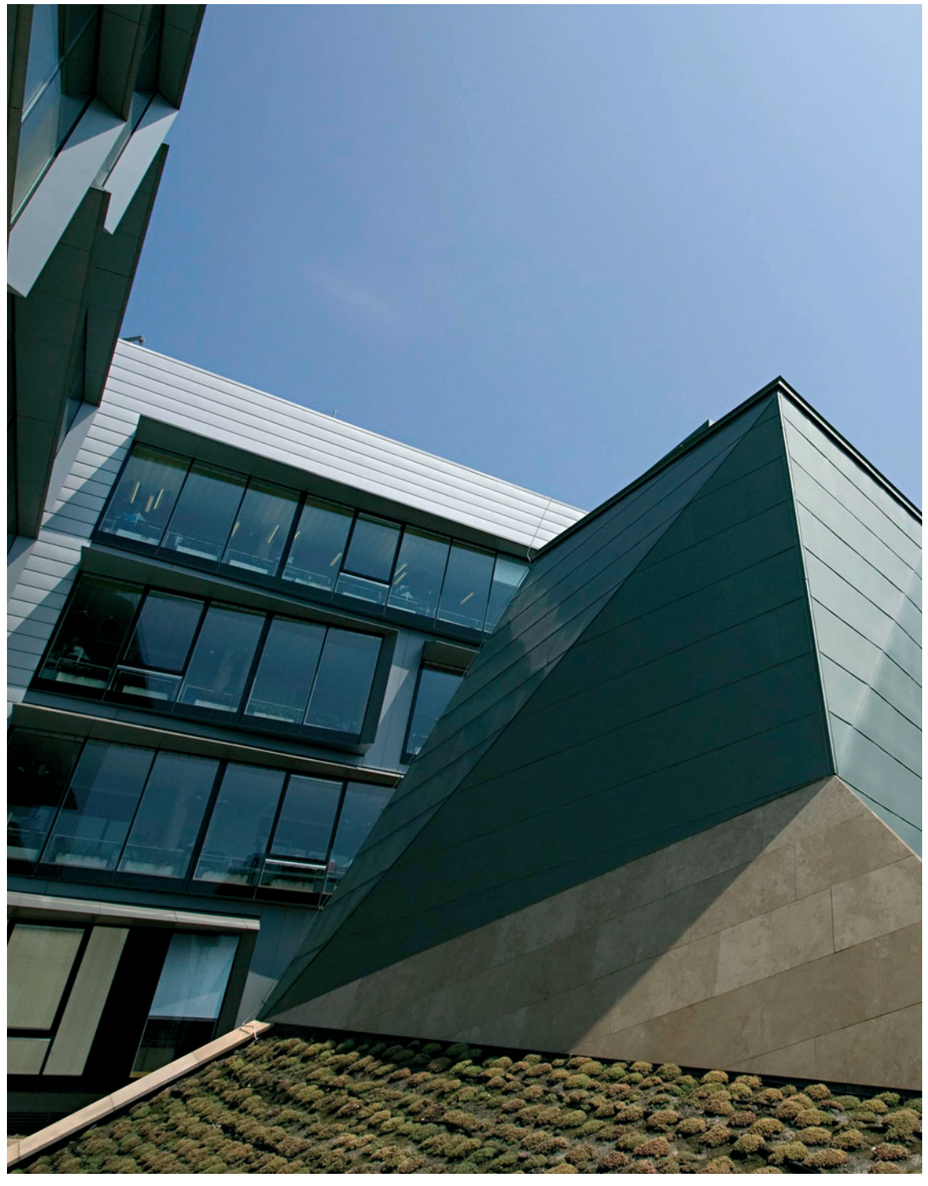
Generic development work in several therapeutic areas continued in 2014, although that due to our strong commitment to reshape our business substantially focusing more on innovative, high added value areas, the resources available for generic product development have been reduced in the past few years. Consequently, the number of products developed in-house has also decreased. Licensing-in activity contributes to the continuous development of the Group's product portfolio. Process development activities and bioequivalence studies on several active pharmaceutical ingredients and finished products continued during the year.

Two products developed in-house were introduced to the market during 2014, namely the desloratadine containing solution, LORDESTIN in both Hungary and Romania and the asparaginates containing cardiovascular product, PANANGIN FORTE in Hungary.

Additionally, the licensed-in providone iodine containing antiseptic solution JODOSEPT, the zolendronic acid containing oncology product ZOLENDRONIC ACID infusion and a medical pad for the detection of potential leakage of the amniotic liquid under the brand name LORITAN were introduced in Hungary; the levonorgestrel containing gynaecological product for the treatment of menorrhagia, LEVOSERT was launched in the Eastern European countries and the paracetamol + caffeine + propyphenazone containing analgesic, FASCONAL PRO was also introduced in Romania. New formulations of our existing products were also launched in number of our markets.

The Group reported in 2014 a 7.0 percent increase in its spending on research and development which totalled to HUF 43,666 million (EUR 141.4 million), representing 12.3 percent of consolidated sales.

Based on 2013 full year results, Gedeon Richter was the only Hungarian company featured on the Top 1000 EU R&D investor list compiled by the European Commission. The company ranked 19th among pharmaceutical companies.



András Radó – Director, Production and Logistics

b) Manufacturing and Supply

Richter has always paid special attention to being in a position to offer reliable and modern products at affordable prices. Our key objective is to satisfy market demand by providing sufficient quantities of quality products in a timely and a cost efficient manner. We manage that by continually optimizing cost efficiency of products and technologies and by operating an integrated supply process system including all subsidiaries. Despite the ongoing challenges presented by the economic turmoil we have continued in 2014 to drive operational excellence and make adjustments to our operational base so as to maximize the efficiency of our supply chain whilst maintaining the highest standards of quality and security of supply. During the reported year we focused on continuously improving our supply systems as part of a wide ranging cost and efficiency programme.

Shipped volumes of finished products decreased by 5 percent in 2014, compared to the levels reported in 2013, which was accompanied by a 6 percent decline in bulk production. At the parent company the shipped volumes of finished products decreased by 5 percent, mostly attributable to the transfer of certain packaging activities to Russia. In respect of our manufacturing subsidiaries shipped volumes of finished products decreased by 3 percent in Poland, by 20 percent in Romania, while volumes have increased by 36 percent in Russia.

Manufacturing of new products commenced during 2014 at all of our manufacturing units in the CIS and CEE region. The volumes of API manufacturing in Hungary increased slightly when compared to the levels recorded in the previous year. Steroid API volumes showed an increase year on year.

In order to support the long term strategic targets of the Group a number of investments were initiated as part of larger projects in 2014.

In Hungary we commenced the construction of a complex greenfield centre, which will contain an injection manufacturing and packaging plant, a high-bay warehouse and other development capacities. At our Dorog site we started a programme aiming towards the manufacturing and filtering of steroid intermediates and active ingredients. This programme is expected to take several years. We completed a notable controlling and monitoring development at our biotechnological facility in Debrecen during the reported year. In addition, a number of small-scale projects have been completed, including the purchase of certain equipment, auxiliary and infrastructure investments, and improvements to environmental protection and to workplace safety.

We completed the important expansion of our Russian operations during 2014, while at our Romanian subsidiary we inaugurated a special production site for liquid form hormones and an R&D facility co-financed by EU funds. Hand in hand with Quality Management we carry out continuously professional audits at subsidiaries of the Group to ensure compliance of different activities and cost-efficient maintenance. In 2014 we successfully passed two thorough inspections of the quality assurance system conducted by the U.S. Food and Drug Administration (FDA) and the National Health Surveillance Agency of Brazil (ANVISA).

c) Products

Richter recognises that currently it is considered primarily to be a branded generic pharmaceutical manufacturer. Whilst the dominant part of its turnover originates from generic drugs the Group also manufactures and markets steroid based pharmaceuticals which represent a specialised, higher margin group of products. Over the last decade this niche portfolio has contributed substantially to both the increase in sales and to the margins achieved by the Group. It has been a priority for Richter management to further strengthen this therapeutic area of special knowledge traditionally possessed in-house. The acquired ex-Grünenthal oral contraceptive portfolio represented a strategic fit for Richter to both strengthen its presence in Western European markets and expand its oral contraceptive portfolio. Additionally, the acquisition of PregLem increased Richter's exposure to specialty pharma and complemented its existing Women's Health franchise. In this Annual Report the separate section on Female Healthcare describes our gynaecological products in detail.

Richter also markets as part of its portfolio original products and continues to carry out intensive research activities to treat diseases of the Central Nervous System. It is management's opinion that it is important for the longer term success of the Group that it continues to research own developed compounds.

Richter is a regional mid-sized pharma company with a vertically integrated structure. This is based on a good market position with geographic and therapeutic niches supported by continuous enhancement through the supply of specialties partly via licensing agreements. Licensing-in has become an important route for the Group to renew its product portfolio. This is accomplished partly as an expansion of our existing generic pro-duct line and partly via providing high added value products including original compounds in the field of Female Healthcare or in other therapeutic areas.

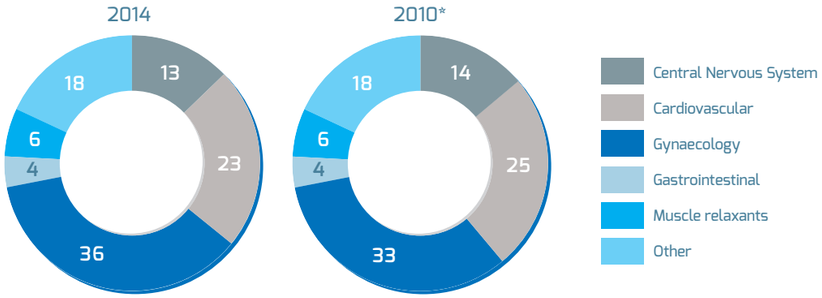
Main licensing-in partners of Richter

Company	Country	Product	Therapeutic area
Acrux	Australia	LENZETTO	Gynaecology
Actavis	Ireland	Several products	Gastrointestinal, Urology, Gynaecology
Almirall Prodesfarma	Spain	AFLAMIN	Non-steroid antiinflammatory
Astellas	Japan	SUPRAX	Antibiotic
Bayer	Germany	LISVY®	Gynaecology, contraception
Biogen Idec	USA	AVONEX, TYSABRI	Central nervous system, sclerosis multiplex
Evestra	USA	EVE-112, EVE-116	Gynaecology
Helm	Germany	FENTANYL patch, ANASTAZOL, LETROZOL	Oncology, opioid analgesic
HRA Pharma	France	ESMYA®	Gynaecology, uterine myoma
Janssen	Belgium	Several products	Central nervous system, Antifungal, Antibacterial
Palatin	USA	bremelanotide	Gynaecology
ProStrakan	United Kingdom	LUNALDIN	Oncology, opioid analgesic
Sanofi-Aventis	France	TARIVID	Antibiotic

Richter's management continues to endeavour to provide greater focus and improved shape to the product portfolio. With this background it is understandable that most of the top ten products in 2014 originated from the three largest therapeutic categories. Products belonging to the therapeutic areas of Gynaecological, Cardiovascular and Central Nervous System together generated 72 percent of total pharmaceutical sales.

Central Nervous System related drugs contributed altogether 13 percent of total pharmaceutical sales. The leading CNS product was our original product, CAVINTON (vinpocetine). Turnover of CAVINTON remained virtually flat (-0.7 percent) in 2014 compared with the sales reported in 2013. The sales performance achieved in China and in Russia contributed the most to the turnover recorded. The paroxetine containing antidepressant REXETIN contributed substantially to the sales levels reported in this therapeutic group. GORDIUS (gaba-pentin) – an antiepileptic drug registered good sales performance in Russia, in Hungary and in Czech Republic. Certain products showed significant sales growth during the reported period, notably PREGABALIN, MIRVEDOL and AVONEX.

Products by therapeutic groups (%)



Note: *Not restated in respect of IFRS 11 standard.

Cardiovascular drugs showed a sales decline in 2014, although still accounting for 23 percent of total pharmaceutical sales. The cardiac therapy PANANGIN (asparaginates) the leading product in this therapeutic area, decreased by 26.2 percent mostly due to the reduction in stock levels and the devaluation in Russia, the main market of this product. Nevertheless sales of VEROSPIRON (spironolactone) and LISONORM (lisinopril + amlodipine) showed sales growth during the reported year. Turnover of ACE inhibitors (EDNYT, LISOPRESS) decreased by 20.2 percent in 2014, as sales declined in all major geographical regions. The cholesterol lowering XETER / MERTENIL / ZARANTA (rosuvastatin) sales slightly increased by 2.1 percent in 2014.

Muscle relaxant drugs amounted to 6 percent of total pharmaceutical revenue of the Group in 2014. The most significant sales were achieved by the original product MYDETON / MYDOCALM (tolperisone), primarily in Russia.

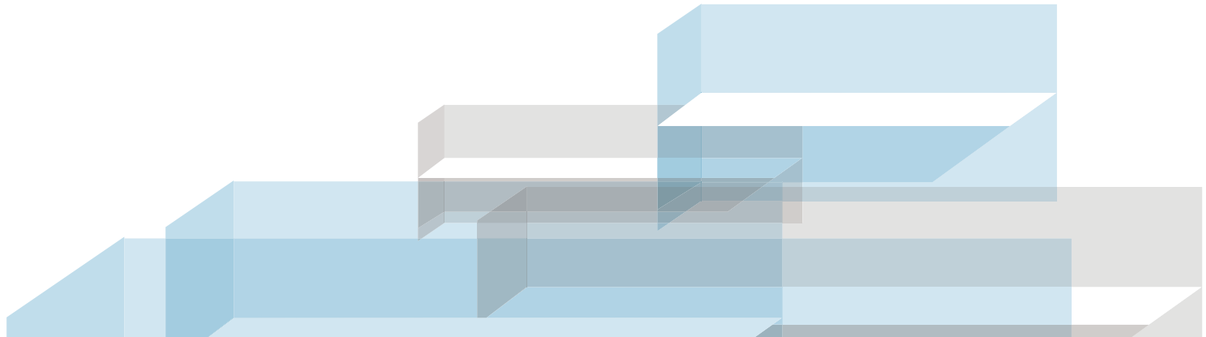
Gastrointestinal products represented 4 percent of total pharmaceutical sales led by the H_2-blocker QUAMATEL (famotidine) in 2014.

TOP 10 products

Brand name	Active ingredient	Therapeutic area	2014 HUFm	2013[2] HUFm	Change HUFm	Change %
Oral contraceptives	hormones	Gynaecology, oral contraceptives	86,182	85,954	228	0.3
CAVINTON	vinpocetine	Central nervous system, nootropic	24,180	24,358	(178)	(0.7)
MYDETON / MYDOCALM	tolperisone	Muscle relaxant	18,239	18,914	(675)	(3.6)
VEROSPIRON	spironolactone	Cardiovascular, diuretic	14,102	13,238	864	6.5
PANANGIN	asparaginates	Cardiovascular, cardiac therapy	13,631	18,480	(4,849)	(26.2)
LISOPRESS	lisinopril	Cardiovascular, antihypertensive	11,656	14,606	(2,950)	(20.2)
ESMYA®	ulipristal acetate	Gynaecology, uterine myoma	10,377	4,827	5,550	115.0
LISONORM	lisinopril + amlodipine	Cardiovascular, antihypertensive	8,777	8,510	267	3.1
AFLAMIN[1]	aceclofenac	Non-steroid antiinflammatory	7,928	7,454	474	6.4
QUAMATEL	famotidine	Gastrointestinal, antiulcer	7,481	7,369	112	1.5
GROPRINOS	inosine pranobex	Antiviral	5,881	7,648	(1,767)	(23.1)
Subtotal			**208,434**	**211,358**	**(2,924)**	**(1.4)**
Other			96,715	93,852	2,863	3.1
Total			**305,149**	**305,210**	**(61)**	**(0.0)**
Share of the TOP 10 products			**68.3%**	**69.3%**		

Notes: [1] Licenced-in product
[2] Restated in respect of IFRS 11 standard. For details see Chapter IV. 3. page 61.

In line with Group strategy the product portfolio has been successfully enhanced and it is under continuous renewal. This focus continues through withdrawing low volume and low margin products and introducing new products with improved profitability. Progress by the Group in launching new products continued in 2014.



Sándor Kováts – Commercial and Marketing Director

d) Sales by Markets

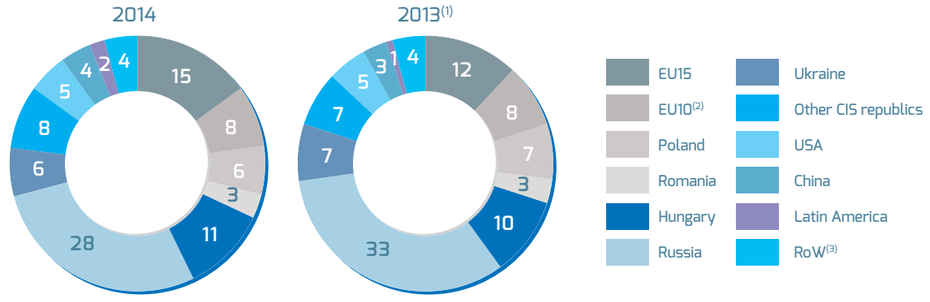
Sales in the pharmaceutical segment in 2014 totalled HUF 305,149 million (EUR 988.4 million), representing flat sales in HUF terms (a decrease of 3.9 percent in Euro terms) when compared to 2013.

Sales by region

	2014 HUFm	2013 [4] HUFm	Change HUFm	Change %	2014 EURm	2013 [4] EURm	Change EURm	Change %
Hungary	**31,971**	**30,338**	**1,633**	**5.4**	**103.5**	**102.2**	**1.3**	**1.3**
EU [1]	**99,169**	**92,963**	**6,206**	**6.7**	**321.2**	**313.3**	**7.9**	**2.5**
Poland	19,805	22,000	(2,195)	(10.0)	64.1	74.1	(10.0)	(13.5)
Romania	8,885	9,611	(726)	(7.6)	28.8	32.4	(3.6)	(11.1)
EU10 [2]	24,613	23,756	857	3.6	79.7	80.1	(0.4)	(0.5)
EU15	45,866	37,596	8,270	22.0	148.6	126.7	21.9	17.3
CIS	**125,759**	**142,347**	**(16,588)**	**(11.7)**	**407.3**	**479.6**	**(72.3)**	**(15.1)**
Russia	84,526	99,786	(15,260)	(15.3)	273.8	336.2	(62.4)	(18.6)
Ukraine	16,999	21,191	(4,192)	(19.8)	55.0	71.4	(16.4)	(23.0)
Other CIS republics	24,234	21,370	2,864	13.4	78.5	72.0	6.5	9.0
USA	**16,072**	**14,143**	**1,929**	**13.6**	**52.1**	**47.6**	**4.5**	**9.5**
China	**13,612**	**10,400**	**3,212**	**30.9**	**44.1**	**35.1**	**9.0**	**25.6**
Latin America	**5,786**	**3,356**	**2,430**	**72.4**	**18.8**	**11.3**	**7.5**	**66.4**
Rest of the World [3]	**12,780**	**11,663**	**1,117**	**9.6**	**41.4**	**39.3**	**2.1**	**5.3**
Total	**305,149**	**305,210**	**(61)**	**(0.0)**	**988.4**	**1,028.4**	**(40.0)**	**(3.9)**

Notes: [1] All Member States of the European Union, except for Hungary.
[2] Restated to include Croatia following its accession to the EU on 1 July 2013.
[3] Restated in respect of 2013 to exclude Latin America.
[4] Restated in respect of IFRS 11 standard. For details see Chapter IV. 3. page 61.

Sales analysis by region (%)



Notes: [1] Restated in respect of IFRS 11 standard. For details see Chapter IV. 3. page 61.
[2] Restated to include Croatia following its accession to the EU on 1 July 2013.
[3] Restated in respect of 2013 to exclude Latin America.

Hungary

In 2014 GDP increased by 3.4 percent, a performance which positioned Hungary among the leaders in the Eurozone. Other macroeconomic indicators also showed positive development, as the average consumer price declined 0.2 percent and the unemployment rate decreased to 7.7 percent. The pharmaceutical market followed the positive trend and, according to market research data, increased by 3.9 percent.

In Hungary sales totalled HUF 31,971 million (EUR 103.5 million) in 2014, an increase of 5.4 percent in HUF terms (1.3 percent higher in Euro terms) when compared to 2013. Marginal changes to the price regulation system did not impact materially the Group's overall performance in the reported period. However, a tender system first introduced in 2011 aiming towards semestral price adjustments adversely affected several major Richter brands in Hungary. Price cuts applied with effect from 1 October 2014 are expected to amount to an annual revenue loss of approximately HUF 102 million (about HUF 25 million realized during 2014).

Nevertheless a number of products showed significant sales growth during the reported period, notably AKTIL, PANANGIN, MIRVEDOL and TANYDON HCT.

Retail sales of Richter products increased by 5.3 percent compared to 2013. Richter is now the third player on the Hungarian pharmaceutical market with a 5.4 percent share based on the latest available market audit (IMS) data for the twelve months to December 2014. When considering only the market for retail prescription drugs, Richter qualified for second place with a market share of 7.4 percent.

Hungarian Regulatory Environment

There were no material changes to the regulatory environment in Hungary and thus the market could stabilise, albeit at significantly lower levels than a few years ago. Extraordinary taxes levied on the industry are reclaimable at a maximum rate of 90 percent subject to adequate R&D expenditures and employment levels being maintained. Given its high level of such expenses Richter qualifies for this maximum allowance. Furthermore by virtue of the law, the Company is entitled to carry over such R&D linked allowances across calendar years.

New products launched in Hungary during 2014

Brand name	Active ingredient	Therapeutic area	Launch date
LORDESTIN	desloratadine	Respiratory, antiallergic	Q2, 2014
SCIPPA	escitalopram	Central nervous system, antidepressant	Q2, 2014
LEVOSERT*	levonorgestrel	Gynaecology, menorrhagia	Q3, 2014
JODOSEPT	povidone-iodine	Antiseptic solution	Q3, 2014
PANANGIN FORTE	asparaginates	Cardiovascular, cardiac therapy	Q4, 2014
OSSICA	ibandronate	Oncology / Gynaecology, anti osteoporosis	Q4, 2014
ZOLENDRONIC ACID INFUSION	zolendronic acid	Oncology	Q4, 2014

Note: * Licenced-in product.

TOP 10 products in Hungary

Brand name	Active ingredient	Therapeutic area	2014 HUFm	2013[2] HUFm	Change HUFm	Change %
Oral contraceptives	hormones	Gynaecology, oral contraceptive	3,321	3,421	(100)	(3.0)
CAVINTON	vinpocetine	Central nervous system, nootropic	1,946	2,001	(55)	(2.7)
QUAMATEL	famotidine	Gastrointestinal, antiulcer	1,430	1,376	54	3.9
XETER	rosuvastatin	Cardiovascular, cholesterol-lowering	1,405	1,483	(78)	(5.3)
AKTIL[1]	amoxicillin + clavulanic acid	Antibiotic	1,302	794	508	64.0
PANANGIN	asparaginates	Cardiovascular, cardiac therapy	1,026	818	208	20.3
LISONORM	lisinopril + amlodipine	Cardiovascular, antihypertensive	1,025	1,037	(12)	(1.2)
AFLAMIN[1]	aceclofenac	Non-steroid antiinflammatory	972	916	56	6.1
LAMOLEP	lamotrigine	Central nervous system, antiepileptic	904	807	97	12.0
TELMISART	telmisartan	Cardiovascular, antihypertensive	754	602	152	25.2
Subtotal			**14,085**	**13,255**	**830**	**5.9**
Other			17,886	17,083	803	4.7
Total			**31,971**	**30,338**	**1,633**	**5.4**
Share of the TOP 10 products in Hungary			**44.1%**	**43.7%**		

Notes: [1] Licenced-in products.
[2] Restated in respect of IFRS 11 standard. For details see Chapter IV. 3. page 61.

International Sales

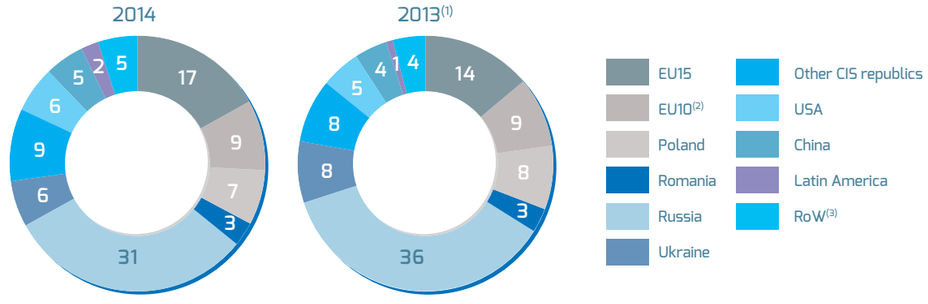
International sales amounted to EUR 884.9 million in 2014, a decrease of EUR 41.3 million or 4.5 percent compare to 2013. Sales in the CIS totalled EUR 407.3 million (US$ 542.1 million), a decline of 15.1 percent (in US$ terms 14.9 percent) compared to the sales levels achieved in 2013. While notable sales growth was recorded in certain Other CIS republics (9.0 percent in Euro terms), significant sales declines characterized 2014 in both Russia (18.6 percent in Euro terms) and Ukraine (23.0 percent in Euro terms). The increase in turnover reported for the EU region (2.5 percent in Euro terms) was primarily driven by higher sales levels recorded in EU15 countries. Sales recorded in the USA increased by 9.5 percent both in US$ and in EUR terms. Sales to China amounted to EUR 44.1 million (US$ 58.7 million) in 2014, EUR 9.0 million (US$ 12.1 million) higher than in 2013. Turnover reported in the Rest of the World region increased by 5.3 percent in EUR terms in 2014 when compared to 2013.

Sales to TOP 10 international markets

	2014 EURm	2013* EURm	Change EURm	Change %
Russia	273.8	336.2	(62.4)	(18.6)
Germany	66.5	64.6	1.9	2.9
Poland	64.1	74.1	(10.0)	(13.5)
Ukraine	55.0	71.4	(16.4)	(23.0)
USA	52.1	47.6	4.5	9.5
China	44.1	35.1	9.0	25.6
Romania	28.8	32.4	(3.6)	(11.1)
Czech Republic	24.8	27.2	(2.4)	(8.8)
Slovakia	19.8	19.6	0.2	1.0
Kazakhstan	19.5	20.9	(1.4)	(6.7)
Subtotal	**648.5**	**729.1**	**(80.6)**	**(11.1)**
Total international sales	**988.4**	**1,028.4**	**(40.0)**	**(3.9)**
Share of the TOP 10 international markets	**65.6%**	**70.9%**		

Note: *Restated in respect of IFRS 11 standard. For details see Chapter IV. 3. page 61.

International sales analysis by region (%)



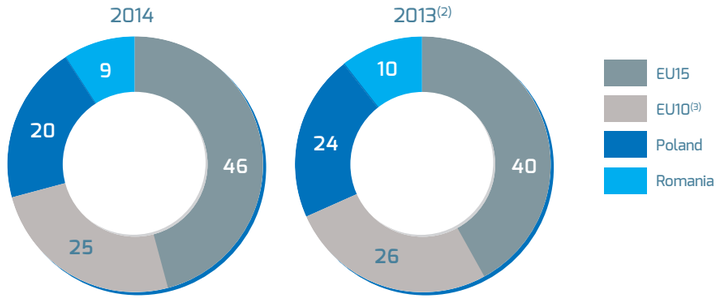
Notes: [1] Restated in respect of IFRS 11 standard. For details see Chapter IV. 3. page 61.
[2] Restated to include Croatia following its accession to the EU on 1 July 2013.
[3] Restated in respect of 2013 to exclude Latin America.

European Union

Sales in the European Union, excluding Hungary, amounted to EUR 321.2 million in 2014, representing an increase of 2.5 percent when compared to 2013.

The reported sales growth for the EU was mostly due to good growth recorded in the EU15 region, despite the fact that the Group continued to face strong competition and sustained pressure from governments which together resulted year on year in both lower prices and reimbursement levels. Female Healthcare generics launched by Richter in key Western European countries have contributed strongly to the turnover growth.

Sales to the EU[1] (%)



Notes: [1] All Member states of the EU, except for Hungary.
[2] Restated in respect of IFRS 11 standard. For details see Chapter IV. 3. page 61.
[3] Restated to include Croatia following its accession to the EU on 1 July 2013.

Positive macroeconomic developments in Poland, notably a decreasing inflation rate and increasing GDP boosted the pharmaceutical market which grew by 5.9 percent in PLN terms. In spite of this positive macro environment, the Group sales decreased by 13.8 percent in PLN terms (13.5 percent in EUR terms) and reached PLN 267.9 million (EUR 64.1 million) in 2014. The main contributors to the sales decrease were the mild flu season that impacted negatively the sales of our leading product, GROPRINOSIN, price erosion of some of our generic products, and growing parallel imports. Nevertheless, certain products showed sales growth during the reported period, notably SPIRONOL, MYCOSOLON, DIRONORM and ALLUPOL.

An improving macroeconomical environment characterised Romania in 2014 with 2.5 percent GDP growth. However, sales to this country amounted to RON 128.0 million in 2014, a 10.5 percent year-on-year decrease compared with the performance in 2013. In EUR terms turnover decreased by 11.1 percent and amounted to EUR 28.8 million.

Turnover of the range of oral contraceptives, together with CAVINTON, MYDOCALM and AFLAMIL contributed the most to sales levels achieved during 2014.

New products launched in Central and Eastern Europe during 2014

Brand name	Active ingredient	Therapeutic area	Launch date
MIRVEDOL	memantine	Central nervous system, Alzheimer's disease	Q1, 2014
TANYDON HCT[1]	telmisartan + hydrochlorothiazide	Cardiovascular, antihypertensive	Q1, 2014
VIDONORM	amlodipine + perindopril	Cardiovascular, antihypertensive	Q1, 2014
LORDESTIN	desloratadine	Respiratory, antiallergic	Q2, 2014
GOLDLILY	Au + Cu	Gynaecology, IUD	Q2, 2014
BELARA	chlormadinone + 30 mcg EE[2]	Gynaecology, oral contraceptives	Q3, 2014
LEVOSERT[1]	levonorgestrel	Gynaecology, menorrhagia	Q3, 2014
FASCONAL PRO	paracetamol + caffeine + propyphenazone	Analgesic	Q3, 2014
BIOFENAC STICK[1]	aceclofenac	Non-steroid anti-inflammatory	Q3, 2014
COLTOWAN	ezetimibe	Cardiovascular, lipid-lowering	Q4, 2014

Notes: [1] Licenced-in products.
[2] Ethynil estradiol

Strong competition and various austerity measures introduced by local governments characterised the EU10 region in 2014. Group sales totalled EUR 79.7 million in the reported year, virtually flat (-0.5 percent) compared to the sales levels achieved in the base period. This region represented 25 percent of total EU region sales of the Group's pharmaceutical segment.

The Czech Republic's economy performed well in 2014, with GDP growth of 1.3 percent. The sustained economic expansion resulted from higher foreign demand, government investments and a declining unemployment rate. Our turnover on this market amounted to EUR 24.8 million in 2014, representing an 8.8 percent decrease compared to the sales levels achieved in the base period. With effect from 1 January 2014, the Group changed from invoicing in EUR to the local currency (CZK). Sales in local currency terms totalled CZK 681.5 million. Sales increases of ESMYA®, LUNALDIN and BIOFENAC contributed the most to the turnover achieved. Despite the challenging economic environment and the political tension in the region, Slovakia's growth remained stable in 2014 at a rate of 2.4 percent. Our turnover amounted to EUR 19.8 million in 2014 which was 1.0 percent higher compared to 2013. Sales of the range of oral contraceptives, together with CAVINTON, SUPRAX, and AFLAMIL contributed the most to the performance achieved during the reported period. In the Baltic States sales amounted to EUR 18.9 million in 2014, 6.8 percent higher when compared to 2013. In Bulgaria sales totalled EUR 15.1 million in the reported period, representing growth of 1.3 percent when compared with turnover achieved in 2013.

In the 'traditional' 15 EU Member States sales amounted to EUR 148.6 million in 2014, 17.3 percent higher than in the previous year. This region contributed 46 percent of total EU pharmaceutical sales.

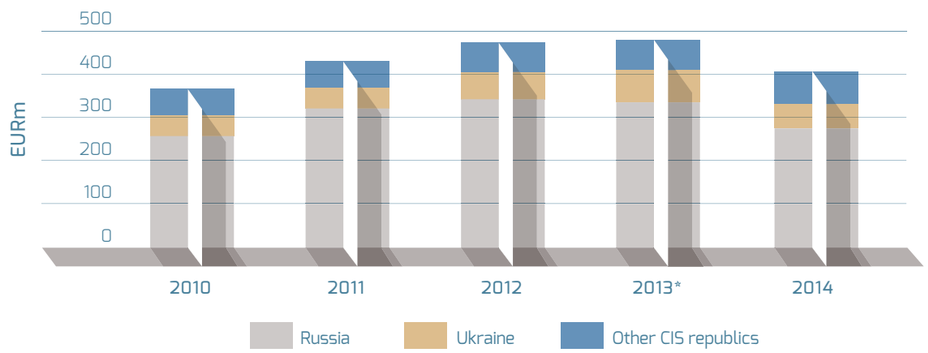
In Germany, the largest market for the Group in the region, Richter Group reported sales of EUR 66.5 million in 2014, 2.9 percent higher than in the base period. In France the Group's turnover amounted to EUR 18.0 million in 2014, exceeding the previous year's result by EUR 5.1 million, primarily due to higher ESMYA® sales. Turnover in the United Kingdom amounted to EUR 13.9 million, EUR 5.7 million higher than in 2013. Sales in Spain reached EUR 14.8 million, EUR 7.4 million higher than in the base period primarily due to good performance of ESMYA®. Turnover in Italy totalled EUR 13.6 million in the reported period, an increase of EUR 3.4 million when compared to 2013. Turnover in the Benelux countries amounted to EUR 8.9 million.

CIS

Sales to the CIS in 2014 totalled EUR 407.3 million, representing a decline of 15.1 percent compared with sales levels achieved in 2013.

With a flash estimate published by the Federal State Statistics Service (Rosstat) of near flat (0.6 percent) GDP growth in 2014, Russia is facing the risk of recession with oil prices in freefall and a declining economy. According to recent international reports private consumption declined quarter on quarter due to slowing income growth while investment activities contracted due to a more uncertain business environment and the increasing restrictiveness of credit conditions as a result of international sanctions. Sales totalled RUB 13.7 billion (EUR 273.8 million) in 2014, a reduction in RUB terms of 3.7 percent. A significant devaluation of the Rouble against Euro (18.2 percent) occurred in Russia, and consequently by the end of 2014 sales levels in EUR terms were 18.6 percent lower than in the previous year. By the end of the fourth quarter 2014 the Rouble had weakened against the Euro by 42.0 percent compared to 30 September 2014. Following stockpiling which occurred in the fourth quarter 2013, wholesalers reduced their stock levels during the reported year. As a result of increasing competition at both wholesaler and pharmacy levels, their stocks have been reduced which further impacted negatively the entire distribution chain by the end of the second quarter of the year. In spite of the decline, the range of oral contraceptives, together with MYDOCALM, DIROTON and PANANGIN achieved good sales performances.

Sales to the CIS



Note: *Restated in respect of IFRS 11 standard. For details see Chapter IV. 3. page 61.

In line with the Pharma 2020 strategy announced by the Russian Government which has as its objective the manufacturing of most essential medicines in Russia by 2016 Richter has completed its multi-phase project which will further increase its Russian manufacturing and warehousing capacities.

Sales to Ukraine amounted to US$ 73.3 million (EUR 55.0 million) in 2014, a decline of 22.8 percent (23.0 percent in EUR terms) compared to that reported in 2013. A more strict receivables control and voluntary shipment restrictions were implemented by the Company as a reaction to the recent political turmoil and the uncertain economic environment which has characterized the country since the beginning of 2014.

Sales in Other CIS republics totalled US$ 104.4 million (EUR 78.5 million) in 2014, good growth of 9.1 percent (9.0 percent in Euro terms) compared to 2013. Good performance achieved in Uzbekistan and in Belarus contributed the most to the sales levels reported in this region.

New products launched in the CIS republics during 2014

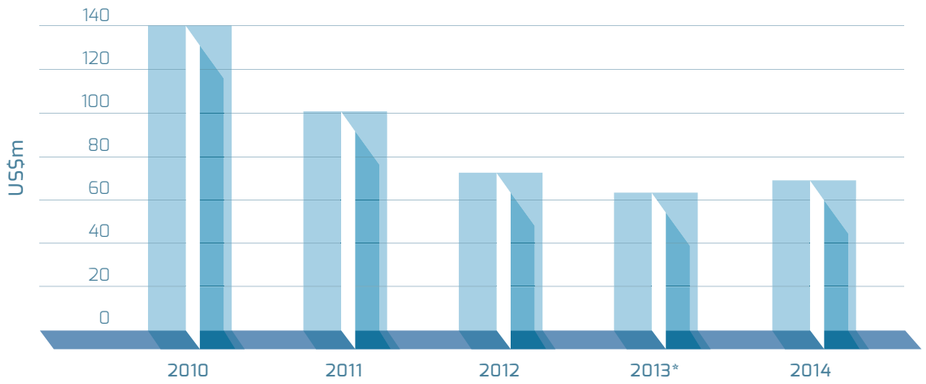
Brand name	Active ingredient	Therapeutic area	Launch date
BELARA	chlormadinone + 30 mcg EE[2]	Gynaecology, oral contraceptive	Q1, 2014
ESMYA®	ulipristal acetate	Gynaecology, uterine myoma	Q1, 2014
GROPRINOSIN	inosine pranobex	Antiviral	Q2, 2014
DUPLECOR	amlodipine + atorvastatine	Cardiovascular, antihypertensive + cholesterol lowering	Q2, 2014
EKVATOR	lisinopril + amlodipine	Cardiovascular, antihypertensive	Q4, 2014
AIRTAL CREAM[1]	aceclofenac	Non-steroid anti-inflammatory	Q4, 2014

Notes: [1] Licenced-in product
[2] Ethynil estradiol

USA

Sales in the USA totalled US$ 69.3 million (EUR 52.1 million) in 2014, an increase of 9.5 percent both in US$ and in EUR terms although from a low base compared to 2013. As indicated in previous reports revenues in connection with the drospirenone related profit sharing agreements declined further due to increased generic competition but this was offset by significantly higher sales levels achieved by both the finished form emergency contraceptive PLAN B ONE-STEP and the finished form finasteride.

Sales to the USA



Note: *Restated in respect of IFRS 11 standard. For details see Chapter IV. 3. page 61.

China

Sales to China amounted to EUR 44.1 million (US$ 58.7 million) in 2014, 25.6 percent (26.0 percent in US$ terms) higher than in 2013.

Latin America

As a result of expanding our market presence in this region, we have commenced the reporting of Latin American sales separately with effect from 1 January 2014. Sales in these countries amounted to US$ 24.9 million (EUR 18.8 million) in 2014, an increase of US$ 9.9 million (EUR 7.5 million) when compared to 2013.

Rest of the World

Sales in these countries amounted to EUR 41.4 million (US$ 55.1 million) in 2014, an increase of 5.3 percent (5.6 percent in US$ terms) when compared to 2013.

Female Healthcare

In recognition of the strategic importance of this therapeutic area to the Company a brief presentation of the Female Healthcare (FH) franchise is provided below. This therapeutic area includes the following product groups and therapeutic indications: oral contraceptives, emergency contraceptives, contraceptive devices; menopausal care, pregnancy care and obstetrics, gynaecological infections, and other gynaecological conditions, including the treatment of uterine myomas.

Female healthcare sales totalled EUR 354.4 million in 2014, a slight increase of 0.9 percent compared to the levels reported in 2013. Turnover arising from the OC portfolio acquired in 2010 amounted to EUR 50.7 million, 3.7 percent above the base period figure.

Female Healthcare sales by region

	2014 HUFm	2013 [4] HUFm	Change HUFm	Change %	2014 EURm	2013 [4] EURm	Change EURm	Change %
Hungary	**4,886**	**4,865**	**21**	**0.4**	**15.8**	**16.4**	**(0.6)**	**(3.7)**
EU [1]	**48,585**	**42,402**	**6,183**	**14.6**	**157.4**	**142.9**	**14.5**	**10.1**
Poland	3,331	4,499	(1,168)	(26.0)	10.8	15.2	(4.4)	(28.9)
Romania	1,900	2,022	(122)	(6.0)	6.1	6.8	(0.7)	(10.3)
EU10 [2]	7,553	7,551	2	0.0	24.5	25.4	(0.9	(3.5
EU15	35,801	28,330	7,471	26.4	116.0	95.5	20.5	21.5
CIS	**27,521**	**31,391**	**(3,870)**	**(12.3)**	**89.1**	**105.7**	**(16.6)**	**(15.7)**
Russia	20,557	24,940	(4,383)	(17.6)	66.6	84.0	(17.4)	(20.7)
Ukraine	2,877	3,158	(281)	(8.9)	9.2	10.6	(1.4)	(13.2)
Other CIS republics	4,087	3,293	794	24.1	13.3	11.1	2.2	19.8
USA	**13,043**	**13,198**	**(155)**	**(1.2)**	**42.2**	**44.5**	**(2.3)**	**(5.2)**
China	**4,470**	**3,983**	**487**	**12.2**	**14.5**	**13.4**	**1.1**	**8.2**
Latin America	**4,669**	**2,768**	**1,901**	**68.7**	**15.1**	**9.3**	**5.8**	**62.4**
Rest of the World [3]	**6,250**	**5,605**	**645**	**11.5**	**20.3**	**18.9**	**1.4**	**7.4**
Total	**109,424**	**104,212**	**5,212**	**5.0**	**354.4**	**351.1**	**3.3**	**0.9**

Notes: [1] All Member States of the European Union, except for Hungary.
[2] Restated to include Croatia following its accession to the EU on 1 July 2013.
[3] Restated in respect of 2013 to exclude Latin America.
[4] Restated in respect of IFRS 11 standard. For details see Chapter IV. 3. page 61.

Hungary

In Hungary FH sales totalled HUF 4,886 million (EUR 15.8 million) in 2014, representing virtually flat performance (+0.4 percent) in HUF terms (in EUR terms it decreased by 3.7 percent) compared to the levels reported in 2013. Sales of ESMYA® were initiated in Hungary in May 2012 and the product was granted 90 percent reimbursed status in February 2013.

Two-cycle treatment with ESMYA® was included on the reimbursement list in Hungary with effect from 19 April 2014.

European Union

FH sales in the European Union, excluding Hungary, amounted to EUR 157.4 million in 2014, representing an increase of EUR 14.5 million (10.1 percent) when compared to 2013.

Sales of ESMYA®, our original product, were EUR 27.9 million during the reported year.

Sales of FH products represented 49 percent of the turnover in this region in 2014.

FH sales in Poland decreased by PLN 18.5 million totalling PLN 45.0 million (EUR 10.8 million) in 2014, while in Romania turnover decreased by RON 2.7 million and amounted to RON 27.4 million (EUR 6.1 million) during the reported year.

In the EU10 region FH sales totalled EUR 24.5 million in 2014, 3.5 percent below the levels recorded in the previous year. With respect to FH sales the EU10 countries altogether represented 16 percent of the Group's FH sales to the whole EU region.

In the 'traditional' 15 EU Member States FH sales amounted to EUR 116.0 million in 2014, showing a healthy 21.5 percent growth over the levels recorded in 2013. This region contributed 74 percent of total EU FH sales. The year on year increase was primarily due to higher sales levels of ESMYA® together with certain OCs recently launched in Western Europe.

In Germany Richter Group reported gynaecological sales of EUR 49.5 million, virtually unchanged when compared to 2013.

In France the Group's turnover arising from FH products amounted to EUR 15.1 million, EUR 5.3 million above the levels recorded in 2013.

FH sales in Spain totalled EUR 12.1 million, an increase of EUR 7.2 million. Sales of ESMYA® contributed the most to the growth achieved during the reported year.

In Italy FH sales amounted to EUR 11.7 million, EUR 3.1 million higher than in 2013.

In the UK the Group realised a turnover of EUR 10.7 million, which exceeded the base year figure by EUR 5.3 million.

Sales of FH products represented 78 percent of the turnover in the EU15 region during 2014, due to the efficient work of the recently established sales force teams.

CIS

FH sales to the CIS in 2014 totalled EUR 89.1 million representing a decline of 15.7 percent from the sales levels achieved in previous year.

Turnover of gynaecological products represented 22 percent of total CIS sales in the reported period.

USA

FH sales in the USA totalled US$ 56.2 million (EUR 42.2 million) in 2014, a 4.9 percent decline (5.2 percent in EUR terms) when compared to the previous year.

Sales of FH products, including the profit sharing related to drospirenone, represented 81 percent of US sales.

China

Sales of FH totalled EUR 14.5 million in the reported year, 8.2 percent higher than in 2013.

Latin America

Sales of FH totalled US$ 20.1 million (EUR 15.1 million) in the reported year, showing a 62.1 percent (in EUR terms 62.4 percent) growth over the level achieved in the previous year.

Rest of the World

FH sales in these countries amounted to EUR 20.3 million (US$ 26.9 million) in 2014, an increase of 7.4 percent (7.2 percent in US$ terms) compared to 2013.

Lajos Kovács – Technical Director

e) Corporate Social Responsibility

Aware of the Company's responsibility to society in general Richter's management pays great attention towards Corporate Social Responsibility (CSR). The practice of CSR is nowhere more essential than in the field of health-care. For us being a responsible entity means pursuing business success by developing products and policies that address patients' needs and benefit society at large. Richter boasts more than 110 years of ethical and responsible business practice. We operate in a way that reflects our values, seeks to understand stakeholder views and connects our business decisions to ethical, social and environmental concerns. In this way we aim to minimize the negative impact and maximize the positive benefits of our business.

The three elements of sustainability – social, environmental and economic – are interdependent. We will not be successful in the long term without meeting our environmental and social responsibilities. Equally, we cannot contribute to society and environmental protection without economic success.

At Richter, we seek to deliver sustainable business growth and value by:
- managing our business responsibly, with high levels of corporate governance;
- creating high-quality, rewarding employment;
- valuing our employees and protecting their safety;
- ensuring access to our products for those who need them;
- minimising the environmental impact of our products and operations;
- supporting community-based projects and encouraging innovation in science.

Richter's management has always believed that it is pivotal for the company to comply with all relevant national and international legislation, including the rules and guidelines issued by public institutions such as the European Medicines Agency (EMA) and the U.S. Food and Drug Administration (FDA). Gedeon Richter has established policies and procedures to ensure responsible business ethics and in specific areas it recognises that it is important to maintain higher ethical standards than those required by local legislation.

Environmental Policy

At Richter environmental considerations are an integral part of decision-making processes and the focus is always on prevention. Our more than 110 year history, our pharmaceutical manufacturing experience and our wide-ranging scientific expertise are combined with modern technical, health and safety requirements together with the exacting quality standards of today.

Pharmaceutical manufacturing carries a number of risks. In the course of pursuing our investments and development projects, we pay particular attention to ensuring that the environmental protection tasks related to our operations are carried out responsibly by using modern technology and continuously minimising the environmental footprint of our activities. All three of our main manufacturing sites in Hungary possess IPPC (Integrated Pollution Prevention and Control) permits and a renewal application for this IPPC permit for our Budapest facility was submitted to the relevant authority in 2014.

Environmental Management Systems at the Company meet all requirements of ISO 14001:2004 standards. We are pleased to report that as a result of the audit held in 2013 the Company was successfully re-certified for a further three year period. During 2014 the system was made ready for integration of the Debrecen site, testing of which is expected to commence in 2015.

According to the recently approved water rights operating permit, a cyclical maintenance programme was prepared at the Company aimed at technical checks and troubleshooting of the sewage system at both Budapest and Dorog sites. Replacement of the cooling equipment, which utilised Freon components for the cooling of the fermentation plant has been completed during 2014.

Health and Safety at Work

Much of the work performed at the company involves the use of hazardous chemicals. These circumstances demand a highly responsible attitude towards safety at work in order to minimise the risks arising from these potential hazards.

Work Health and Safety Management System

Work safety is dependent on the technical state of working tools and equipment, and the conduct displayed by employees at work. The latter includes management's awareness of safety issues, and certainly the professional skills of the workers themselves.

Our Occupational Health and Safety Management System (OHSMS) in compliance with OHSAS 18001:1999 standard, was officially certified at the beginning of 2006, making Gedeon Richter the first Hungarian pharmaceutical company to obtain this type of certification. Following a recent audit, measured against the more stringent criteria of OHSAS 18001:2007, the Company was successfully re-certified in 2012 for a further three years. A surveying audit held in 2014 justified its conformity to the relevant standard.

Following modernisation of equipment in the Safety Laboratories both in Budapest and in Dorog, the audit held in 2014 confirmed that both Laboratories met the relevant standard (EN ISO/IEC 17025:2005 General requirements for the competence of testing and calibration laboratories).

The management of Richter is committed to the perpetual improvement of the organization's health and safety performance, to comply with current legislation and other requirements and to the prevention of occupational injuries and illnesses. It is the responsibility of work supervisors to familiarise themselves with the risks of a given workplace and to manage and control workplace tasks accordingly. It is both the right and obligation of workers to demand safe working conditions and to comply with the health and safety at work regulations.

The representation of employees' interests with respect to occupational health and safety is performed by elected safety representatives who are also members of the Safety Committee.

Practical Implementation

Richter pays particular attention to creating a safe workplace environment. Continuous improvement to technological standards in all of our plants, ongoing training in the field of safety and regular reviews of safety procedures are all factors taken into account in this initiative.

Special precautions are taken in the case of tasks that involve the use of potentially hazardous materials. We make every effort to minimise the workplace exposure of our employees to risks, and accordingly we do our best to replace dangerous materials with less hazardous equivalents. We are committed to ensuring the safety of our employees through the use of closed technology wherever possible. If this is not feasible, then we implement appropriate special protective measures. To ensure the early detection of any signs of possible damage to health, our employees undergo regular medical surveillance and, as a preventive action, occupational risks are revealed through on-site measurements carried out by the Safety Laboratory. We apply a multi-tiered risk management process, with the most important prevention and action plans managed at project level, within a framework of systematic targets and programs.

In order to meet the requirements established by European Union legislation (REACH and CLP) related to the registration and labelling of chemicals used in manufacturing processes, a compliance strategic plan has been developed. According to this we submitted 12 REACH registration dossiers for own developed APIs intermediates during the reported year. We assumed the role of lead registrant in 11 cases.

Our fire protection policy places particular emphasis on prevention. This includes a network of fire alarm and detecting devices covering the entire premises ensuring the early detection of any possible signs of fire that may nonetheless break out. We have worked out an implementation plan for a separate fire-water network at our Dorog site.

An engineering team at the Company is responsible for ensuring that potentially dangerous equipment are safe to use and comply with authority regulations.

An assessment for industrial major accident hazards for the Budapest site has been submitted. This assessment is reviewed and revised every five years. According to a recently introduced change in the relevant regulations, the Budapest site remained as 'Lower Tier' under the SEVESO II Directive, while the Dorog site has been re-rated as "Higher Tier".

A workplace psychosocial risk assessment using anonymous questionnaires has been conducted throughout the Company in 2014. These in turn assist to identify the key risk factors at all of our sites.

No fatal accidents or other serious work related injuries occurred at any of our facilities during 2014.

Community Involvement

Richter management have always been aware of the importance of community involvement. We recognise that as a leading pharmaceutical manufacturer and employer in Hungary it is our responsibility to maintain dialogue with society at large and with those who have an interest in the Company's activities. In this respect Richter supports projects in the areas of healthcare, science, education and environmental protection in line with its mission of improving health and the quality of life. The Company provides substantial support to healthcare institutions and organizations established with the aim of taking care of patients.

To encourage young people's interests, we sponsor a wide range of science-based school programmes, including chemistry education in secondary schools and university programmes both in Hungary and abroad. Special agreements have been concluded with universities of natural sciences in order to support specific education and research activities.

For talented and ambitious PhD students, we provide scholarships via the so called 'Talentum Foundation', which was established by the Company. The number of these students increased during 2014. The scope of the Foundation has been widened in order to include secondary school students, thereby providing them with future career opportunities.

The Company also supports scientific research and university education in the field of pharmaceutical research for Hungarian talent living abroad.

We have implemented many programmes and initiatives to support the objective of improving quality of life. One of the most successful programmes was „Richter City of Health" established in 2009. Groups of physicians and specialists from local medical institutions gather at various locations in towns all over the country to meet people interested in a number of health conditions. A special feature of these meetings is that visitors will participate in the financial support of hospitals and the purchase of medical equipment just by simply participating at the event as the initial donation (HUF 2 million) offered by the Company to the town hospital is increased by every medical activity carried out at the "Richter City of Health". The results of the „Richter City of Health" initiative are impressive - 40 towns have benefited and 96,200 people have participated, with their presence increasing by an extra HUF 93 million Richter's initial donation. Over the past five years some 40 hospitals have received a total of HUF 174 million financial assistance from Richter. During this period specialists have carried out 69,150 screenings, out of which 16,549 returned with health warnings. Screened patients, when needed, received prompt advice about any further treatment options.

f) People

Changes in the pharmaceutical sector over the past decade have made inevitable the transformation of our business model to one that is more innovative. In order to be effective within an external environment of growing complexity and change with exponential speed we require highly skilled, passionate and motivated people.

We work to achieve this by:
- developing our people at all levels to realise their full potential;
- offering an inclusive culture that draws on the diverse skills, background and knowledge of every employee;
- identifying our internal and external talent – those who have the right skill sets for current and future business requirements.

We value the talents, skills and capabilities that our global workforce of more than 11,000 people in more than 35 countries brings to our business. We work continuously to align these skills and capabilities with strategic and operational needs.

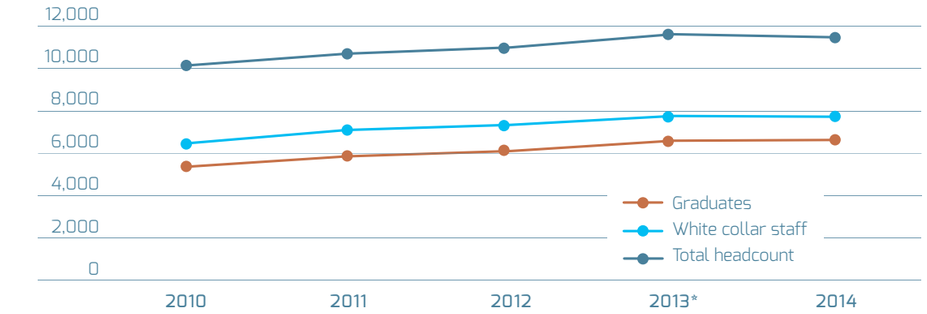
Richter's organisational culture is based on the conviction that the Company's success and development are based on the commitment and the qualification of its employees. Our aim is to create a stimulating working environment which attracts and also retains employees. Together we build a culture of mutual trust, respect, cooperation and teamwork; we also strive to support lifelong learning and efficiency.

Employees

The total headcount for the Group was 11,602 at the end of 2014, a 0.4 percent (41) decrease when compared with 2013. The year on year decline reflects the reduced level of personnel in R&D and in sales and marketing.

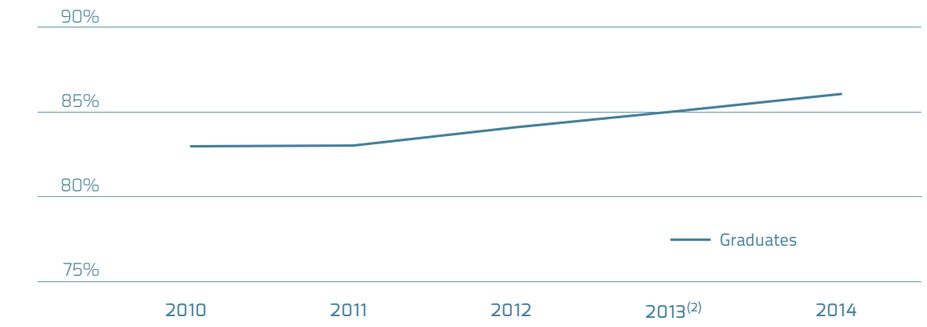
The proportion of skilled employees at the Group increased to 6,710 at the end of 2014, from 6,657 reported in 2013. The graduate educated personnel represented 86 percent of white collar staff and 58 percent of the total number of employees at the Group.

Number of staff



Note: * Restated in respect of IFRS 11 standard. For details see Chapter IV. 3. page 61.

Proportion of graduates[1]



Notes: [1] Within the white collar staff at the Group.
[2] Restated in respect of IFRS 11 standard. For details see Chapter IV. 3. page 61.

Recruitment and Individual Development

Recruiting, retaining and developing our employees were also critical activities in 2014, in order to enhance and sustain our performance. Proactive talent acquisition initiatives underpin our ability externally to attract specialist and leadership talent.

In the recruiting process we pay high attention to the selection of those candidates whose professional skills and experiences are expected to contribute the most to Richter's success and whose career plans and attitudes are expected to fit with the Company's corporate culture.

We encourage employees to develop their careers within Richter rather than looking outside the Company. We want all our employees to achieve their full potential and at the same time strengthen our business.

A Welcome Programme for young Employees aims at giving an insight into the organisation of Richter, its activities, company culture and values.

Employees receive regular feedback on their performance and meet with their managers to discuss development opportunities and their career goals. This annual performance and development planning process ensures that employees set business aligned objectives and behavioural goals and helps them identify the training they need to develop their careers.

We encourage and support all our people in fully developing their capabilities with a range of high quality learning and development opportunities. We offer training programmes, including coaching, languages and other courses to ensure employees have the skills needed in our business. The Company makes special efforts to assist scientific and professional education and postgraduate training. To encourage personal development the Company continued during 2014 to support employees to participate in university education, including PhD courses.

To support innovation and knowledge sharing within our Group in 2014 we organised again the competition called RITA (Richter Innovation and Knowledge Base Archive) which encourages and rewards those with innovative ideas. RITA has clearly demonstrated how efficiently innovation and teamwork can encourage and motivate people at our Company.

Developing Leaders

We recognise that good leadership plays a critical role in stimulating high levels of performance and engagement. Since we need good succession planning not just for senior roles but for all critical positions across the organisation we maintain a well established leadership strategy to identify and develop our highly skilled candidates and use a systematic and disciplined approach to leadership development.

Currently we have three leadership programs running:

Well established management training programmes involving all managers of the Company both at middle and senior levels were ongoing in 2014. Based on the results of the Leadership Competence Assessment programme, all managers designed their personal coaching programme and identified the key areas for further improvement. For those managers appointed within the last three years a special manager training programme was implemented so as to identify and develop management skills and self-knowledge.

Our career development program started in 2006, which focuses on further development of high potential management talent continued in 2014. A comprehensive competence assessment was provided for those colleagues who participated in this programme as a potential option to develop their self-knowledge. It is pleasing to report that approximately 20 percent of the participants have been promoted to new management positions during the development programme. New candidates have been admitted to this programme in each year since its inception.

A system which presents professional development opportunities within the Company offering future career opportunities for new entrants and existing employees alike was expanded across the whole Company during 2013 and 2014.

Remuneration and Other Employee Programmes

Compensation philosophy at Richter is based on the Company's commitment to a performance culture. Performance based salary, share awards, other forms of allowances as well as career development planning, various training activities and continuing education all contribute to the retention of key talent, superior performance and the accomplishment of business targets.

We focus on the health factors that enable employees to perform at the highest level by sustaining energy and engagement. A two-year employee health programme wholly financed by the Company was initiated in 2014. All employees can participate in this wide-ranging medical programme which aims to minimise illness by early diagnosis.

Providing a safe workplace and promoting the health and well-being of all our people has always been a core priority for Richter. Well-being programmes including sport and recreational opportunities at the Company are planned to promote physical and psychological welfare and to help employees cope with demanding roles.

With the aim of improving the efficiency of Human Resources activities within the Group, special meetings were organized by the Human Resources Department at individual subsidiaries. The main topics of these meetings included the review of the current HR policies of the Group and identification of those areas which may require further development. Additionally, in order to optimise the cooperation of different departments at the Company and increase their efficiency we initiated a number of organisational development projects.

Dr Gábor Gulácsi – Chief Financial Officer

2. Wholesale and Retail

Richter Group is active in two major business segments, primarily Pharmaceuticals comprising the research and development, manufacturing and marketing of pharmaceutical products and also engaged in the Wholesale and Retail of these products. These latter activities are mainly focused in Romania although the Group has also built up retail businesses in certain CIS republics. In addition, the recently created Latin American reporting region now includes our Jamaican businesses classified as wholesale and retail that were previously reported under the Rest of the World (RoW) region.

Pharmafarm is the Romanian wholesaler belonging to Richter Group. Gedeon Richter Farmacia is our major retail operation. Altogether 108 pharmacy units support the promotion and sale of Richter products in Romania.

Sales

Sales amounted to EUR 179.5 million in 2014, a near flat performance (-0.5 percent) compared to the previous year.
Our Romanian subsidiaries realised 71 percent of the turnover in the Wholesale and Retail segment (RON 563.2 million), with the remainder primarily being invoiced by our subsidiaries in the CIS region. The sales decrease in Romania was 1.7 percent in RON terms (2.3 percent in EUR terms) in 2014. A slow reduction in payment delays continued on the Romanian pharma market during 2014, while excessive delays continue to prevail in the pharma sector.

Wholesale and retail sales

	2014 HUFm	2013 HUFm	Change %	2014 EURm	2013 EURm	Change %
Hungary	132	215	(38.6)	0.4	0.7	(42.9)
Romania	39,105	38,491	1.6	126.7	129.7	(2.3)
CIS	12,883	11,662	10.5	41.7	39.3	6.1
Latin America*	3,290	3,163	4.0	10.7	10.7	0.0
Total	**55,410**	**53,531**	**3.5**	**179.5**	**180.4**	**(0.5)**

Note: * Latin American region (including Jamaican businesses classified as wholesale and retail) previously reported under Rest of the World (RoW) region.

3. Group Figures

The activities of Richter are presented in this Annual Report along three operating segments. Those subsidiaries of the Group that are engaged in the core activities of research and development together with manufacturing and marketing and sale 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 provide services to group members belonging to the Pharmaceutical segment.

With effect from 1 January 2014 IFRS 11 Joint Arrangements Standards became relevant for accounting treatment of joint ventures and joint operations.

Three companies belonging to the Group (Medimpex Irodaház Kft, Richter-Helm BioTec GmbH & Co KG and Richter-Helm BioTec Management GmbH) which had been previously included in the consolidated accounts by means of proportional consolidation have been deemed to be joint ventures as per IFRS 11 regulation and consequently they have been included in the consolidated accounts by means of equity consolidation with effect from 2014.

In order to maintain comparability figures in respect of 2013 have been restated.

a) Business Segment Information

Business Segment Information

	Pharmaceuticals HUFm		Wholesale and retail HUFm		Other HUFm		Eliminations HUFm		Group total HUFm	
	2014 Audited	2013 Restated*	2014 Audited	2013 Restated*	2014 Audited	2013 Restated*	2014 Audited	2013 Restated*	2014 Audited	2013 Restated*
Total revenues	**305,149**	**305,210**	**55,410**	**53,531**	**4,544**	**4,713**	**(11,394)**	**(11,568)**	**353,709**	**351,886**
Gross profit	**206,958**	**212,514**	**6,351**	**5,955**	**884**	**1,344**	**(134)**	**(72)**	**214,059**	**219,741**
Profit from operations	39,503	47,667	(1,718)	(912)	111	102	(149)	(411)	37,747	46,446
Share of profit of associates and joint ventures	(359)	(917)	1,240	785	(13)	7	(40)	-	828	(125)
Number of employees at period end	**9,801**	**9,861**	**1,481**	**1,460**	**320**	**322**	**-**	**-**	**11,602**	**11,643**

Note: * Restated in respect of IFRS 11 standard. For details see Chapter IV. 3. page 61.

b) Consolidated Turnover

Sales by region

	2014 HUFm	2013 [4] HUFm	Change HUFm	Change %	2014 EURm	2013 [4] EURm	Change EURm	Change %
Hungary	**32,811**	**31,249**	**1,562**	**5.0**	**106.3**	**105.3**	**1.0**	**0.9**
EU [1]	**134,747**	**127,569**	**7,178**	**5.6**	**436.4**	**429.9**	**6.5**	**1.5**
Poland	19,805	22,000	(2,195)	(10.0)	64.1	74.1	(10.0)	(13.5)
Romania	44,440	44,199	241	0.5	144.0	148.9	(4.9)	(3.3)
EU 10 [2]	24,616	23,756	860	3.6	79.7	80.1	(0.4)	(0.5)
EU 15	45,886	37,614	8,272	22.0	148.6	126.8	21.8	17.2
CIS	**135,328**	**151,071**	**(15,743)**	**(10.4)**	**438.3**	**508.9**	**(70.6)**	**(13.9)**
Russia	84,533	99,794	(15,261)	(15.3)	273.8	336.2	(62.4)	(18.6)
Ukraine	17,073	21,351	(4,278)	(20.0)	55.3	71.9	(16.6)	(23.1)
Other CIS republics	33,722	29,926	3,796	12.7	109.2	100.8	8.4	8.3
USA	**16,144**	**14,143**	**2,001**	**14.1**	**52.3**	**47.6**	**4.7**	**9.9**
China	**13,612**	**10,400**	**3,212**	**30.9**	**44.1**	**35.1**	**9.0**	**25.6**
Latin America	**8,287**	**5,790**	**2,497**	**43.1**	**26.9**	**19.5**	**7.4**	**37.9**
Rest of the World [3]	**12,780**	**11,664**	**1,116**	**9.6**	**41.4**	**39.3**	**2.1**	**5.3**
Total	**353,709**	**351,886**	**1,823**	**0.5**	**1,145.7**	**1,185.6**	**(39.9)**	**(3.4)**

Notes: [1] All Member States of the European Union, except for Hungary.
[2] Restated to include Croatia following its accession to the EU on 1 July 2013.
[3] Restated in respect of 2013 to exclude Latin America.
[4] Restated in respect of IFRS 11 standard. For details see Chapter IV. 3. page 61.

c) Key Financial Data

Key Financial Data

	2014 HUFm	2013 [3] HUFm	Change %	2014 EURm	2013 [3] EURm	Change %
Total revenues	353,709	351,886	0.5	1,145.7	1,185.6	(3.4)
Gross profit	214,059	219,741	(2.6)	693.3	740.4	(6.8)
Gross margin %	**60.5**	**62.4**		**60.5**	**62.4**	
Profit from operations	37,747	46,446	(18.7)	122.3	156.5	(21.9)
Operating margin %	**10.7**	**13.2**		**10.7**	**13.2**	
Profit before income tax	25,795	43,636	(40.9)	83.6	147.0	(43.1)
Profit for the year	25,034	42,431	(41.0)	81.1	143.0	(43.3)
Net margin %	**7.1**	**12.2**		**7.1**	**12.2**	
EPS (HUF, EUR) [1]	134	229	(41.7)	0.43	0.77	(43.9)
Total assets and total equity and liabilities	720,057	714,144	0.8	2,286.7	2,405.3	(4.9)
Capital and reserves [2]	561,730	551,196	1.9	1,783.9	1,856.5	(3.9)
Capital expenditure	43,234	33,606	28.6	140.0	113.2	23.7
Number of employees at year(end	11,602	11,643	(0.4)			

Notes: [1] EPS calculations were based on the total number of shares issued.
[2] Includes minority interest.
[3] Restated in respect of IFRS 11 standard. For details see Chapter IV. 3. page 61.

d) Profit and Loss Items

Sales amounted to HUF 353,709 million (EUR 1,145.7 million) in 2014, a virtually flat performance (+0.5 percent) in HUF terms (a 3.4 percent decline in EUR terms) when compared with the previous year. Notwithstanding the slight overall decline in EUR terms, a positive performance was recorded in certain markets of the Group.

2014 total sales were impacted by a significant 18 percent weakening of the Russian Rouble against the Hungarian Forint which impacted negatively proceeds and margins originating from that market.

Cost of sales amounted to HUF 139,650 million (EUR 452.4 million) in 2014, an increase of HUF 7,505 million (EUR 7.2 million) when compared to 2013. Amortization of the acquired intangible asset ESMYA® amounted to HUF 2,564 million in 2014.

Gross margin in 2014 at 60.5 percent decreased from the 62.4 percent level reported in the previous year. Lower turnover on the Russian and Ukrainian markets, the devaluation of the Rouble combined with an above average increase in the sales levels of the Wholesale and Retail segment impacted adversely the gross margin, offset only partially by improving sales levels on the EU15, Other CIS, China and USA markets together with a weakening EURHUF exchange rate.

Gross profit totalled HUF 214,059 million (EUR 693.3 million) in 2014, a decrease of HUF 5,682 million (EUR 47.1 million) over the levels reported for 2013.

Sales and marketing expenses amounted to HUF 101,724 million (EUR 329.5 million) in 2014, a decrease of 4.9 percent in HUF terms (8.6 percent in EUR terms) compared with 2013. This decline resulted from the following: higher marketing costs recorded both in EU15 and China were more than offset by lower Russian, Ukrainian and Polish marketing expenses (which, in the latter two countries included a sales force reduction) and the exceptional devaluation of both the Rouble and the Hryvnia. The proportion to sales of S&M expenses was 28.8 percent in the reported period. Amortisation of the marketing and intellectual property rights in the

amount of HUF 4,418 million of the OC portfolio acquired from Grünenthal represented 1.2 percent of sales achieved in the reported period. When adjusting these expenses for the above amortisation, they represented 27.5 percent of turnover.

The annual registration fee payable in respect of medical representatives in Hungary amounted to HUF 162 million in 2014. In accordance with the regulations we were able to offset the tax payable in 2014 on this ground by 90 percent of the tax liability of the same kind incurred during 2013.

Administrative and general expenses totalled HUF 19,651 million (EUR 63.6 million) in 2014, virtually flat in HUF terms (2.5 percent lower in Euro terms) when compared with the levels recorded in the previous year. Cost cutting measures introduced in the last quarter 2013 were reflected in the overall cost performance.

Research and development costs represented 12.3 percent of sales and increased by 7.0 percent (2.8 percent in EUR terms) to HUF 43,666 million (EUR 141.4 million) during the reported year. These costs include the ongoing clinical trials being carried out in co-operation with Actavis (Forest). R&D expenses of the Group also include such costs of PregLem, Gedeon Richter Polska and Gedeon Richter Romania.

Other income and other expenses amounted to an expense of HUF 11,271 million (EUR 36.5 million) in 2014 when compared to an expense of HUF 6,151 million (EUR 20.7 million) recorded in the previous year. A one-off milestone payment in respect of a regulatory filing of cariprazine was paid by Forest to Richter during the base period while similar income was not repeated during the reported year.

The 20 percent tax obligation payable in respect of turnover related to reimbursed sales in Hungary amounted to HUF 168 million in 2014. In accordance with the regulations we were able to offset the tax payable in 2014 on this ground by 90 percent of the tax liability of the same kind incurred during 2013.

Other income and expenses include liabilities in respect of the claw-back regimes effective in Germany, France, Spain, Belgium and Latvia amounting to HUF 3,389 million (EUR 10.8 million). Romanian authorities have levied a claw-back tax of 17.5 MRON (EUR 3.9 million) on the manufacturing companies of Richter Group on the basis of the turnover recorded by such authorities in respect of the full year 2014.

An additional amount of HUF 680 million increased the expense balance of Other income and expenses reflecting a change in the likelihood of deferred payments related to the acquisition of PregLem. These expenses also include write offs in respect of licences and trade receivables as part of the annual balance closing.

Profit from operations decreased substantially by 18.7 percent and amounted to HUF 37,747 million. In EUR terms it declined by 21.9 percent to EUR 122.3 million in 2014. Such a significant decrease was the result of the following: a deteriorating gross margin together with a negative balance of Other income and expenses incurred as a consequence of a lack of milestone income, higher claw-back related liabilities, combined with higher R&D expenditure.

The consolidated operating margin declined to 10.7 percent during the reported year from the 13.2 percent reported in 2013.

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

Net financial income

	2014 HUFm	2013* HUFm	Change HUFm	2014 EURm	2013* EURm	Change EURm
Unrealised financial items	**(14,749)**	**(5,892)**	**(8,857)**	**(47.8)**	**(19.9)**	**(27.9)**
Unrealised exchange losses on trade receivables and trade payables	(10,865)	(2,305)	(8,560)	(35.2)	(7.8)	(27.4)
Gain on foreign currency loans receivable	2,529	15	2,514	8.2	0.1	8.1
Year end foreign exchange translation difference of borrowing	(3,296)	(1,001)	(2,295)	(10.7)	(3.4)	(7.3)
Unrealised exchange losses on other currency related items	(1,546)	(1,709)	163	(5.0)	(5.8)	0.8
Unwinding of discounted value related to contingent(deferred purchase price liabilities	(1,853)	(1,026)	(827)	(6.0)	(3.4)	(2.6)
Result of unrealised forward exchange contracts	282	216	66	0.9	0.7	0.2
Impairment loss on investments	-	(82)	82	-	(0.3)	0.3
Realised financial items	**1,969**	**3,207**	**(1,238)**	**6.4**	**10.8**	**(4.4)**
Realised loss on forward exchange contracts	(225)	(224)	(1)	(0.7)	(0.8)	0.1
Exchange loss realised on trade receivables and trade payables	(2,029)	(2,345)	316	(6.6)	(7.9)	1.3
Exchange gains on conversion	2,199	318	1,881	7.1	1.1	6.0
Dividend income	325	973	(648)	1.1	3.3	(2.2)
Interest income	3,222	4,071	(849)	10.4	13.7	(3.3)
Interest expense	(1,373)	(1,560)	187	(4.4)	(5.3)	0.9
Other financial items	(150)	1,974	(2,124)	(0.5)	6.7	(7.2)
Total	**(12,780)**	**(2,685)**	**(10,095)**	**(41.4)**	**(9.1)**	**(32.3)**

Note: *Restated in respect of IFRS 11 standard. For details see Chapter IV. 3. page 61.

The net financial loss in 2014 totalled HUF 12,780 million (EUR 41.4 million), reflecting an increase of HUF 10,095 million (EUR 32.3 million) when compared to a net financial loss of HUF 2,685 million (EUR 9.1 million) reported in 2013.

At the end of each reporting period foreign currency related assets and liabilities are routinely reassessed with the change in value being reflected as unrealised financial items. The exceptional devaluation of the Rouble experienced at the end of 2014 (RUBHUF = 4.45, EURRUB = 70.76) caused a substantial one-off financial loss of approximately HUF 12 billion resulting from the reassessment of Russian trade receivables and Rouble denominated cash and cash equivalents. Furthermore, the reassessment of FOREX denominated deferred payment instalments related to previously realised acquisitions also resulted in a significant loss (amounting to HUF 3.4 billion). The total impact of such reassessments amounted to HUF 13,178 million (EUR 42.7 million) loss at the end of 2014, HUF 8,178 million (EUR 25.8 million) more when compared with the HUF 5,000 million (EUR 16.9 million) loss reported in 2013. We accounted for a HUF 1,853 million (EUR 6.0 million) expense in respect of an unwinding of the discounted value related to a liability related to contingent purchase prices of acquisitions realised.

Financial income on the realised financial items in 2014, reflects primarily the impact of net interest income which contributed by HUF 1,849 million (EUR 6.0 million) to the results. As a consequence of opposed movements of exchange rates the conversion of FOREX related items resulted in a HUF 2,199 million

(EUR 7.1 million) gain, while exchange losses realised on trade receivables and trade payables amounted to HUF 2,029 million (EUR 6.6 million).

Income from associates and joint ventures amounted to HUF 828 million (EUR 2.7 million) in 2014.

Profit before income tax amounted to HUF 25,795 million (EUR 83.6 million) in 2014, a decrease of HUF 17,841 million (EUR 63.4 million) compared with 2013.

Profit after taxation was HUF 25,034 million (EUR 81.1 million), HUF 17,397 million (EUR 61.9 million) lower than the profit after taxation realised in 2013. By virtue of Hungarian Tax Regulations, the corporate tax rate applied at the Parent Company of the Group (incorporated in Hungary) can be offset by a tax allowance linked to direct costs incurred on R&D activities. Other members of the Group are subject to customary tax regulations effective in their respective countries of incorporation.

The above Profit after taxation includes income from Non-controlling interests, the balance of which amounted to a HUF 84 million (EUR 0.3 million) gain during 2014.

Net income attributable to owners of the parent does not materially differ from profit after taxation and decreased by HUF 17,816 million (EUR 63.3 million) during the reported period to HUF 24,950 million (EUR 80.8 million). It declined to 7.1 percent of sales compared with the 12.2 percent reported in the previous year.

e) Balance Sheet Items

Total assets and total shareholders' equity and liabilities of the Group amounted to HUF 720,057 million on 31 December 2014, HUF 5,913 million, or 0.8 percent higher than the figure for 31 December 2013.

Non-current assets amounted to HUF 425,343 million on 31 December 2014, 2.5 percent above the amount as of 31 December 2013. The increase in the level of the Goodwill resulted from the inclusion in the accounts of the previously announced acquisitions in Mexico, Brazil and Curaçao and the end of the year balance sheet reassessment. The level of Other intangible assets increased primarily as a result of the acquisition of intellectual property rights for Latin America in respect of ulipristal acetate and of the conclusion of a licensing agreement in respect of bremelanotide. Reclassification of certain long term bonds into Current assets together with a change in the fair value of Richter's investment in the Russian wholesaler and retail Group, Protek resulted in a reduction of Other financial assets.

Current assets amounted to HUF 294,714 million and decreased by HUF 4,484 million (1.5 percent) when compared to the level reported on 31 December 2013. The decline was primarily due to lower levels of Cash and cash equivalents resulting from the repayment of the club credit facility instalment amounting to EUR 17 million and from the purchase of treasury shares needed to transfer the business of Gedeon Richter Investment Management Limited directly to the Parent Company. Additionally, Current assets included a lower level of trade receivables. Investments in securities increased due to the above mentioned reclassification of long term bonds into short term ones.

Capital and reserves of the Group increased by 1.9 percent and amounted to HUF 561,730 million when compared to the balance as at 31 December 2013. Retained earnings increased by HUF 14,588 million and amounted to HUF 514,536 million. The year-on-year increase was partly offset by an increase in the level of treasury shares by HUF 4,560 million related to the above mentioned reorganization of the investment management business.

Non-current liabilities of the Group on 31 December 2014 at HUF 65,857 million were HUF 24,799 million lower than the levels as of the end of the previous year. The decline resulted mostly from the reclassification as current liabilities, i.e. payable within one year of an EUR 46 million borrowing amount together with deferred liabilities in respect of PregLem acquisition.

Current liabilities of the Group at HUF 92,470 million on 31 December 2014 were HUF 20,178 million higher than their level reported on 31 December 2013. The increase is primarily a technical one, the above mentioned reclassification of certain items. This impact was, nevertheless, partly offset by a lower level of Trade payables.

f) Cash Flow

As indicated by the cash flow statement, the Group generated net cash from operating activities of HUF 62,201 million during 2014. Cash from operating activities was lower than the previous year mainly as a result of the sharply reduced net income, only partially offset by movements in the working capital, notably a decrease in receivables and in inventories. Overall, during 2014 cash decreased partly as a result of strongly negative cash flow originating from financing activities – there were no proceeds from new borrowings whilst certain loans were repaid. In addition, not insignificant amounts of cash were directed towards capital expenditure and payment of dividends. Overall, cash decreased by HUF 8,637 million in 2014.

Cash flow

	2014 HUFm	2013* HUFm
Net cash flow		
From operating activities	62,201	73,942
From investing activities	(45,590)	(35,027)
From financing activities	(25,104)	(30,819)
Effect of foreign exchange rate changes	(144)	(2,730)
Decrease/(increase) in cash and cash equivalents	**(8,637)**	**5,366**

Note: *Restated in respect of IFRS 11 standard. For details see Chapter IV. 3. page 61.

g) Treasury Policy

The treasury activities of Richter are co-ordinated and managed in accordance with the Regulation approved by the Board of Directors. The treasury function of the Parent Company maintains responsibility for the financing of its activities both on the domestic market and abroad and the administration of trade receivables and trade payables. It also manages exchange rate risks relating to the group operations and ensures appropriate financial income via investing temporarily free cash through bank deposits and open-ended funds and low risk securities.

Considering that approximately 90 percent of the Parent Company turnover is realised in various international currencies, while its costs are incurred mostly in Hungarian forints, operating profit is exposed to numerous currency fluctuations. To manage this exposure, the Board of Directors has approved a strategy of foreign exchange rate exposure risk reduction, in which forward contracts are employed. Such contracts have been concluded exclusively by the Parent Company.

Between January 2000 and 2010, Richter concluded forward exchange contracts to manage its exposure to fluctuations in exchange rates of international sales with the final expiry in first half of 2011. No further forward exchange positions have been opened since 2011 as the FOREX exposure of the Group materially changed with effect from 1 January 2011 when RUB substituted EUR as its invoicing currency in Russia.

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

Trading in a number of countries served by the Group may give rise to sovereign risk and economic uncertainty. Trade credit risks and related impairment losses are closely monitored and subject to the supervision of Richter's deputy managing director, the CFO of the Company.

h) Capital Expenditure

Capital expenditure for the Group including payments for intangible assets totalled HUF 43,234 million compared to HUF 33,606 million reported for 2013. Capital expenditure linked to the development of biotechnology R&D facilities and a manufacturing site in Hungary was HUF 1,193 million in 2014.

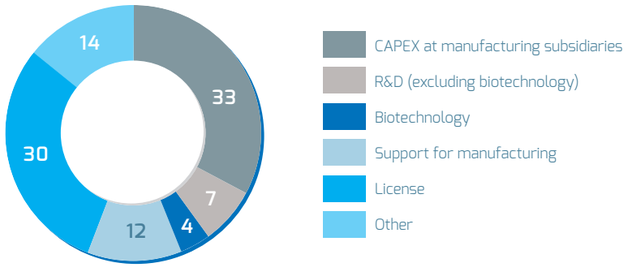
A number of investment programmes, aimed towards both capacity maintenance and building up of a new complex building for the development, manufacturing, packaging and storing of injectables were initiated during 2014. A several year long programme targeting the capacity expansion and the improvement of

preparatory chromatographic filtering of our steroid APIs and intermediates was initiated at our Dorog site while we have also concluded the implementation and fine tuning of the software controlling automatic manufacturing processes at our biotechnological plant in Debrecen.

A number of small scale investments have been carried out to ensure or maintain the quality of the production, environmental protection and improve certain controlling and monitoring activities both at our Hungarian sites as well as at our subsidiaries abroad.

We have completed our major capacity expansion project carried out at our Russian subsidiary, and in Romania we also inaugurated the new, special separated premises which have been created in Marosvásárhely in order to accommodate manufacturing and packaging of hormone containing liquids and the new R&D facility, co-financed by EU funds.

Capital expenditure analysed by function in 2014 (%)



Disclosures

I, the undersigned declare, that Gedeon Richter Plc. takes full responsibility, that the management report, which contains the Group's 2014 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.

Erik Bogsch
Managing Director

V. Appendices

Consolidated Financial Record

Consolidated Balance Sheet

at 31 December	2014 HUFm	2013* HUFm
ASSETS		
Non-current assets	**425,343**	**414,946**
Property, plant and equipment	169,558	163,453
Goodwill	61,086	50,962
Other intangible assets	152,580	145,635
Investments in associates and joint ventures	5,408	4,023
Other financial assets	24,184	43,238
Deferred tax assets	8,606	3,921
Loans receivable	3,921	3,714
Current assets	**294,714**	**299,198**
Inventories	66,452	68,687
Trade receivables	95,255	102,283
Other current assets	13,591	17,297
Investments in securities	20,873	3,816
Current tax asset	603	538
Cash and cash equivalents	97,940	106,577
Total assets	**720,057**	**714,144**
EQUITY AND LIABILITIES		
Capital and reserves	**561,730**	**551,196**
Share capital	18,638	18,638
Treasury shares	(4,881)	(321)
Share premium	15,214	15,214
Capital reserves	3,475	3,475
Foreign currency translation reserves	9,700	6,475
Revaluation reserve for available for scale investment	1,876	4,915
Retained earnings	514,536	499,948
Non-controlling interest	3,172	2,852
Non-current liabilities	**65,857**	**90,656**
Borrowings	44,155	54,781
Deferred tax liability	8,876	7,688
Other non-current liabilities and accruals	10,056	26,344
Provisions	2,770	1,843
Current liabilities	**92,470**	**72,292**
Borrowings	14,525	5,037
Trade payables	36,335	41,926
Current tax liabilities	281	207
Other payables and accruals	40,222	23,784
Provisions	1,107	1,338
Total equity and liabilities	**720,057**	**714,144**

Notes: * Restated due to IFRS 11 Joint arrangements and classification of Provision and Accurals to non-current and current by term.

Consolidated Income Statement

for the year ended 31 December	2014 HUFm	2013* HUFm
Total revenues	**353,709**	**351,886**
Cost of sales	(139,650)	(132,145)
Gross profit	**214,059**	**219,741**
Sales and marketing expenses	(101,724)	(106,999)
Administration and general expenses	(19,651)	(19,345)
Research and development expenses	(43,666)	(40,800)
Other income and other expenses (net)	(11,271)	(6,151)
Profit from operations	**37,747**	**46,446**
Finance income	23,204	16,081
Finance costs	(35,984)	(18,766)
Net financial loss	**(12,780)**	**(2,685)**
Share of profit/(loss) of associates and joint ventures	828	(125)
Profit before income tax	**25,795**	**43,636**
Income tax	(761)	(1,205)
Profit for the year	**25,034**	**42,431**
Profit attributable to		
Owners of the parent	24,950	42,766
Non-controlling interest	84	(335)

	2014 EURm	2013 EURm
Total revenues	**1.145.7**	**1,185.6**
Cost of sales	(452.4)	(445.2)
Gross profit	**693.3**	**740.4**
Sales and marketing expenses	(329.5)	(360.5)
Administration and general expenses	(63.6)	(65.2)
Research and development expenses	(141.4)	(137.5)
Other income and other expenses (net)	(36.5)	(20.7)
Profit from operations	**122.3**	**156.5**
Finance income	75.2	54.2
Finance costs	(116.6)	(63.3)
Net financial loss	**(41.4)**	**(9.1)**
Share of profit/(loss) of associates and joint ventures	2.7	(0.4)
Profit before income tax	**83.6**	**147.0**
Income tax	(2.5)	(4.0)
Profit for the year	**81.1**	**143.0**
Profit attributable to		
Owners of the parent	80.8	144.1
Non-controlling interest	0.3	(1.1)

Note: * Restated in respect of IFRS 11 standard. For details see Chapter IV. 3. page 61.

Consolidated Cash flow Statement

for the year ended 31 December	2014 HUFm	2013* HUFm
Operating activities		
Net income attributable to owners of parent company	24,950	42,766
Depreciation and amortisation	29,363	28,301
Non cash items accounted through Total Comprehensive Income	(271)	(353)
Year end foreign exchange translation difference of borrowing	3,296	1,001
Net interest and dividend income	(2,174)	(3,484)
Income tax recognised through Consolidated Income Statement	761	1,205
Changes in provision for defined benefit plans	927	137
Loss on disposal of property, plant and equipment and intangible assets	2,222	1,134
Impairment loss recognised on intangible assets	851	1,652
Impairment losses on investments	-	82
Expense recognised in respect of equity-settled share based payments	5,239	5,247
Movements in working capital		
Decrease in trade and other receivables	5,742	98
Decrease/(increase) in inventories	2,592	(4,538)
(Decrease)/increase in payables and other liabilities	(5,260)	6,236
Interest expense	(1,373)	(1,560)
Income tax paid	(4,664)	(3,982)
Net cash flow to operating activities	**62,201**	**73,942**
Cash flow from investing activities		
Payments for property, plant and equipment	(28,406)	(25,302)
Payments for intangible assets	(14,828)	(8,304)
Proceeds from disposal of property, plant and equipment	444	429
Payments to acquire financial assets	(163)	(16,888)
Proceeds on sale of financial assets	937	9,011
Proceeds from loans	93	1,630
Interest income	3,222	4,071
Dividend income	325	973
Net cash outflow on acquisition of subsidiaries	(7,214)	(647)
Net cash flow to investing activities	**(45,590)**	**(35,027)**
Cash flow from financing activities		
Purchase of treasury shares	(9,799)	(3,852)
Dividend paid	(10,603)	(12,263)
Repayment of borrowings	(5,593)	(29,392)
Proceeds from borrowings	891	14,688
Net cash flow to/from financing activities	**(25,104)**	**(30,819)**
Net (decrease)/increase in cash and cash equivalents	**(8,493)**	**8,096**
Cash and cash equivalents at beginning of year	**106,577**	**101,211**
Effect of foreign exchange rate changes on the balances held in foreign currencies	(144)	(2,730)
Cash and cash equivalents at end of year	**97,940**	**106,577**

Note: *Restated in respect of IFRS 11 standard. For details see Chapter IV. 3. page 61.

Consolidated financial record 2010-2014 [1]

Consolidated Statements of Income

Statements of income (HUFm)	2010[6]	2011[6]	2012[5]	2013[5]	2014
for the years ended 31 December					
Total revenues	**275,312**	**307,868**	**327,336**	**351,886**	**353,709**
Cost of sales	(107,137)	(114,529)	(125,752)	(132,145)	(139,650)
Gross profit	**168,175**	**193,339**	**201,584**	**219,741**	**214,059**
Operating expenses and other income and expenses (net)	(105,522)	(132,412)	(151,548)	(173,295)	(176,312)
Profit from operations	**62,653**	**60,927**	**50,036**	**46,446**	**37,747**
Share of profit/(loss) of associates and joint ventures	50	(4,234)	(1,005)	(125)	828
Net financial income/(loss)	5,073	(7,022)	859	(2,685)	(12,780)
Profit before income tax	**67,776**	**49,671**	**49,890**	**43,636**	**25,795**
Income tax	12	2,696	1,868	2,200	2,748
Local business tax and innovation fee	(3,148)	(2,914)	(2,703)	(3,405)	(3,509)
Profit for the year	**64,640**	**49,453**	**49,055**	**42,431**	**25,034**
Profit attributable to non-controlling interest	(161)	172	(185)	(335)	84
Profit attributable to owners of Parent	**64,479**	**49,281**	**49,240**	**42,766**	**24,950**
Share Statistics (HUF)					
Earnings per share[2][4]	346	264	264	229	134
Dividends per ordinary share [3][4]	86	66	66	57	33

Statements of income (EURm)	2010[6]	2011[6]	2012[5]	2013[5]	2014
for the years ended 31 December					
Total revenues	**998.2**	**1,099.5**	**1,132.3**	**1,185.6**	**1,145.7**
Cost of sales	(388.4)	(409.0)	(435.0)	(445.2)	(452.4)
Gross profit	**609.8**	**690.5**	**697.3**	**740.4**	**693.3**
Operating expenses and other income and expenses (net)	(382.6)	(472.9)	(524.2)	(583.9)	(571.0)
Profit from operations	**227.2**	**217.6**	**173.1**	**156.5**	**122.3**
Share of profit/(loss) of associates and joint ventures	0.2	(15.1)	(3.5)	(0.4)	2.7
Net financial income/(loss)	18.4	(25.1)	3.0	(9.1)	(41.4)
Profit before income tax	**245.8**	**177.4**	**172.6**	**147.0**	**83.6**
Income tax	0.0	9.6	6.5	7.5	8.9
Local business tax and innovation fee	(11.4)	(10.4)	(9.4)	(11.5)	(11.4)
Profit for the year	**234.4**	**176.6**	**169.7**	**143.0**	**81.1**
Profit attributable to non-controlling interest	(0.6)	0.6	(0.6)	(1.1)	0.3
Profit attributable to owners of Parent	**233.8**	**176.0**	**170.3**	**144.1**	**80.8**
Share Statistics (EUR)					
Earnings per share [2][4]	1.25	0.94	0.91	0.77	0.43
Dividends per ordinary share [3][4]	0.31	0.24	0.23	0.19	0.11

Notes:
[1] This Financial Record is not a part of the audited Consolidated Financial Statements prepared in accordance with IFRS.
[2] EPS calculations based on the total number of shares issued, diluted excluding exceptional and non-recurring items.
[3] 2014 dividends per ordinary share of HUF 33 are as recommended by the Board of Directors.
[4] Restated in order to reflect the impact of the share split realized in July 2013.
[5] Restated in respect of IFRS 11 standard. For details see Chapter IV. 3. page 61.
[6] Not restated in respect of IFRS 11 standard.

Consolidated Balance Sheet

Balance Sheet (HUFm)	2010[3]	2011[3]	2012[2]	2013[2]	2014
as at 31 December					
Non-current assets	353,957	373,269	376,613	414,946	425,343
Net current assets and liabilities	181,735	202,675	240,422	226,906	202,244
Non-current liabilities	(93,577)	(86,088)	(96,961)	(90,656)	(65,857)
Non-controlling interest	(3,131)	(3,863)	(3,313)	(2,852)	(3,172)
Total net assets	**438,984**	**485,993**	**516,761**	**548,344**	**558,558**
Share capital	18,638	18,638	18,638	18,638	18,638
Reserves	420,885	471,868	499,839	530,027	544,801
Treasury shares	(539)	(4,513)	(1,716)	(321)	(4,881)
Capital and reserves [1]	**438,984**	**485,993**	**516,761**	**548,344**	**558,558**
Total assets and total equity and liabilities	**597,750**	**681,970**	**672,186**	**714,144**	**720,057**
Capital Expenditure (HUFm)	**88,704**	**32,285**	**29,496**	**33,606**	**43,234**

Balance Sheet (EURm)	2010[3]	2011[3]	2012[2]	2013[2]	2014
as at 31 December					
Non-current assets	1,274.6	1,199.8	1,292.9	1,397.6	1,350.8
Net other assets and liabilities	654.4	651.5	816.4	764.2	642.2
Non-current liabilities	(337.0)	(276.7)	(324.0)	(305.3)	(209.1)
Non-controlling interest	(11.3)	(12.4)	(11.4)	(9.6)	(10.1)
Total net assets	**1,580.7**	**1,562.2**	**1,773.9**	**1,846.9**	**1,773.8**
Share capital	67.1	59.9	64.0	62.8	59.2
Reserves	1,515.5	1,516.8	1,715.8	1,785.2	1,730.1
Treasury shares	(1.9)	(14.5)	(5.9)	(1.1)	(15.5)
Capital and reserves [1]	**1,580.7**	**1,562.2**	**1,773.9**	**1,846.9**	**1,773.8**
Total assets and total equity and liabilities	**2,172.4**	**2,192.1**	**2,307.5**	**2,405.3**	**2,286.7**
Capital Expenditure (EURm)	**321.6**	**115.3**	**102.0**	**113.2**	**140.0**

Notes: [1] Excluding non-controlling interest.
[2] Restated in respect of IFRS 11 standard. For details see Chapter IV. 3. page 61.
[3] Not restated in respect of IFRS 11 standard.

Throughout this Annual Report, certain Hungarian forint amounts have been converted into EUR for indicative purposes only. Expenditure and income amounts incurred during a period have been converted at an average rate calculated by the Company. Balance sheet figures for the end of the period have been translated at the year-end exchange rates.

Exchange rates (EUR/HUF)

	2010	2011	2012	2013	2014
Average	275.8	280.0	289.1	296.8	308.7
End of year	277.7	311.1	291.3	296.9	314.9

Number of employees

	2010	2011	2012*	2013*	2014
End of year	10,259	10,773	11,099	11,643	11,602

Note: * Restated in respect of IFRS 11 standard. For details see Chapter IV. 3. page 61.

Notes

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