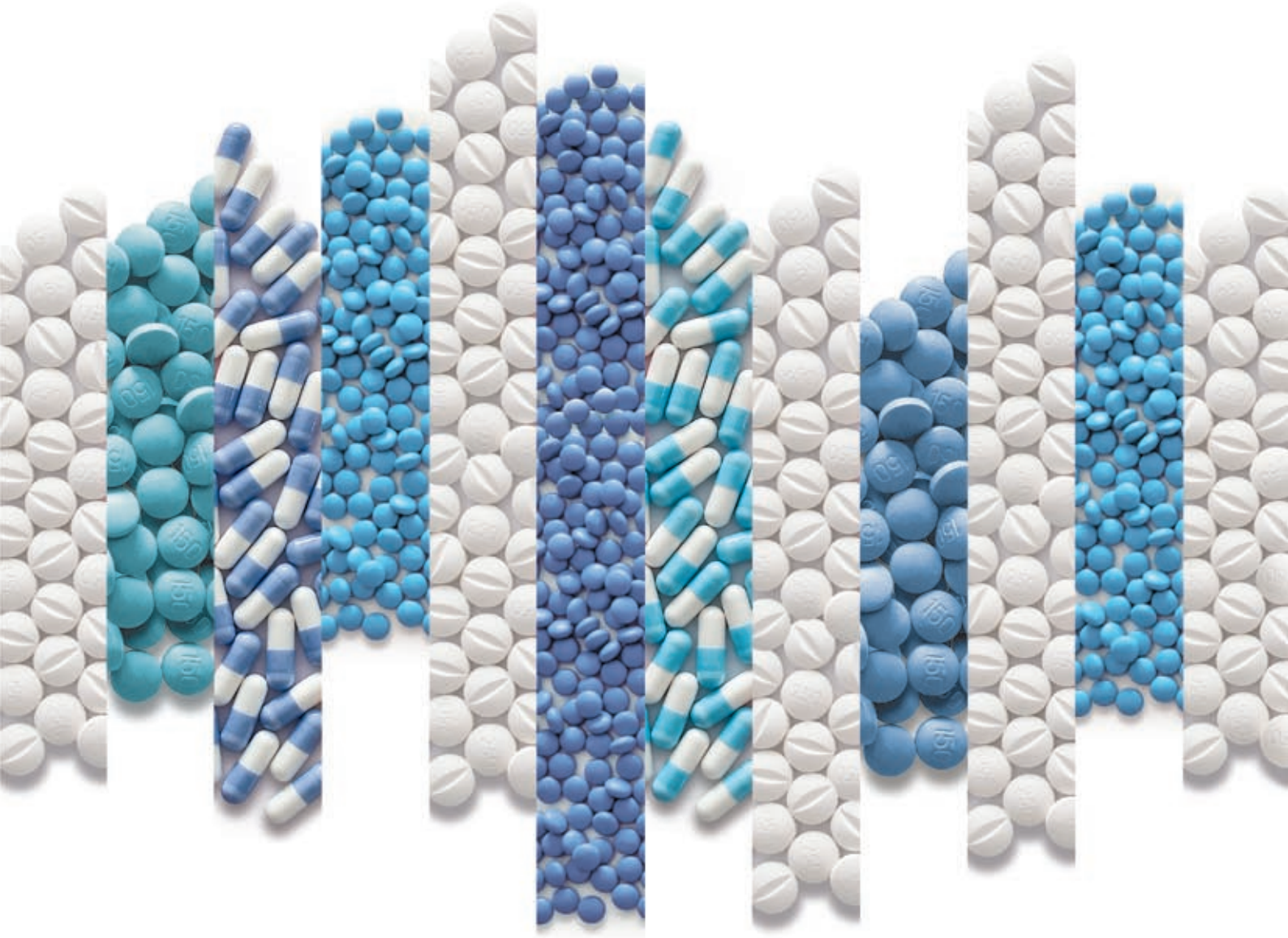
ANNUAL REPORT 2009



GEDEON RICHTER

This Report contains consolidated data, unless otherwise indicated.

CONTENTS

RICHTER GROUP – FACT SHEET

Richter Group is active in two major business segments, primarily Pharmaceuticals comprising the research and development and manufacturing of pharmaceutical products, and also engaged in the Wholesale and retail of these products. In addition, there is a third group of companies comprising those members of the Group which 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 which ensure a strong market presence have together created the foundation for regional leadership.

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 18,637,486
Auditor ..... Deloitte Könyvvizsgáló és Tanácsadó Kft.
Shares listed at ..... Budapest Stock Exchange ISIN: HU0000067624
..... Luxembourg Stock Exchange ISIN: US3684672054
GDRs ..... issued by BNY Mellon
..... GDR / Ordinary share ratio = 1:1

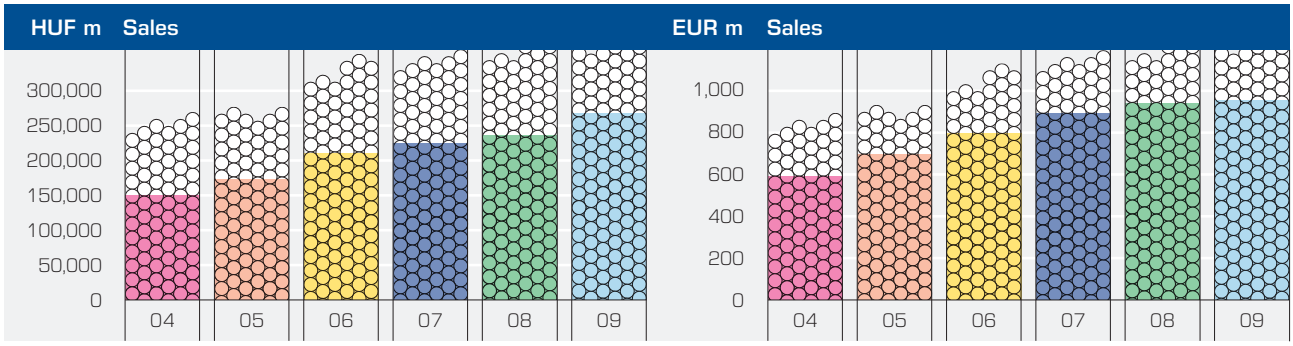
INVESTOR RELATIONS DEPARTMENT

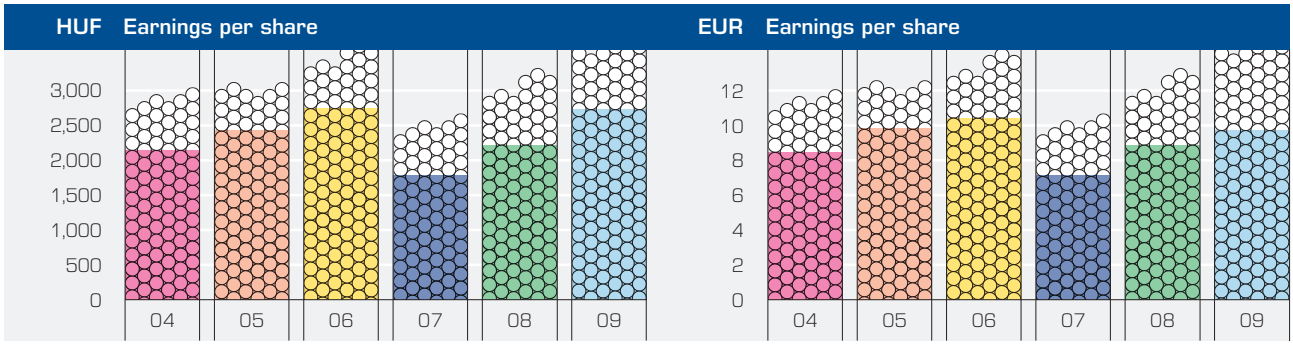
Address ..... 1103 Budapest, Gyömrői út 19-21., Hungary
Mail address ..... 1475 Budapest, Pf. 10., Hungary
Phone ..... +36 1 431 5764
Fax ..... +36 1 261 2158
E-mail ..... investor.relations@richter.hu
Website ..... www.richter.hu

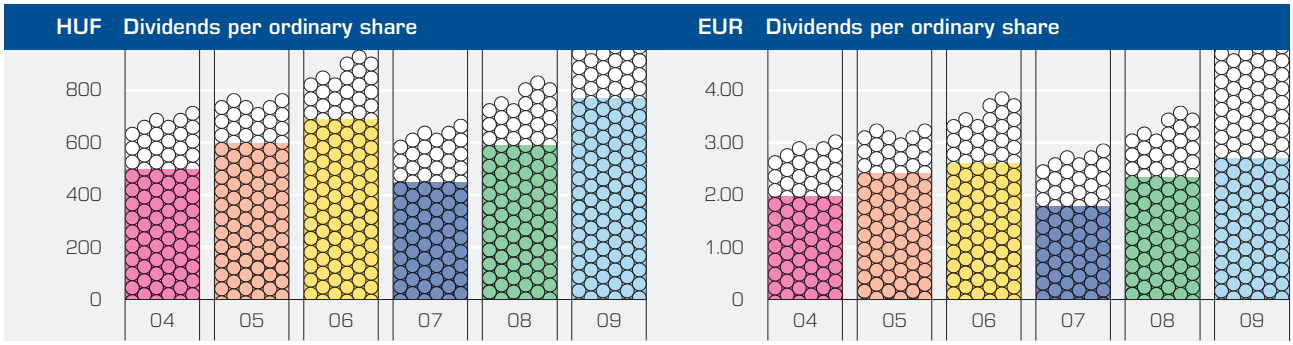
CONSOLIDATED FINANCIAL HIGHLIGHTS

	2009	2008	Change	2009	2008	Change
	HUF m	HUF m	%	EUR m	EUR m	%
Total sales	267,344	236,518	13.0	952.4	941.6	1.1
Profit from operations	49,451	34,156	44.8	176.2	136.0	29.6
Profit for the year	50,953	41,577	22.6	181.5	165.5	9.7

	2009	2008	Change	2009	2008	Change
	HUF	HUF	%	EUR	EUR	%
Earnings per share (EPS)	2,736	2.222	23.1	9.74	8.85	10.2
Dividends per ordinary shares	770	590	30.5	2.74	2.35	16.6







Notes: • Earnings per share calculations were based on the total number of shares issued.
• The amount of 2009 dividend per ordinary share is HUF 770 as proposed by the Board of Directors.

WILLIAM DE GELSEY – CHAIRMAN

CHAIRMAN'S STATEMENT

It is my pleasure to greet you and to present your Company's performance in 2009. I am glad to report that notwithstanding the global economic and financial turmoil, Richter Group reported near flat sales expressed in Euro, and a highly satisfactory level of profit despite strong devaluation of local currencies in CEE, in Ukraine, and the CIS Republics which were severely affected by the unfavourable economic climate.

On the other hand the double digit growth in Russia (expressed in Euro) is particularly pleasing which was greatly helped by the recovery of oil prices. I am further glad to report the robust export growth to the USA (including a strong profit sharing from our partner Teva – the former Barr Laboratories). The three-year trend of falling domestic sales were reversed with Richter having achieved a low single digit growth (in HUF terms) but sadly the overall outlook for the Hungarian economy remains gloomy.

Particularly pleasing was that 2009 proved to be highly fruitful for our original research, one of the primary strategic aims of the Company. Cariprazine (RGH-188), a most promising compound successfully finished phase II/b clinical trials for the indication of schizophrenia. With our partners Forest Laboratories the trials were extended to cover another two clinical indications namely bipolar depression and major depression.

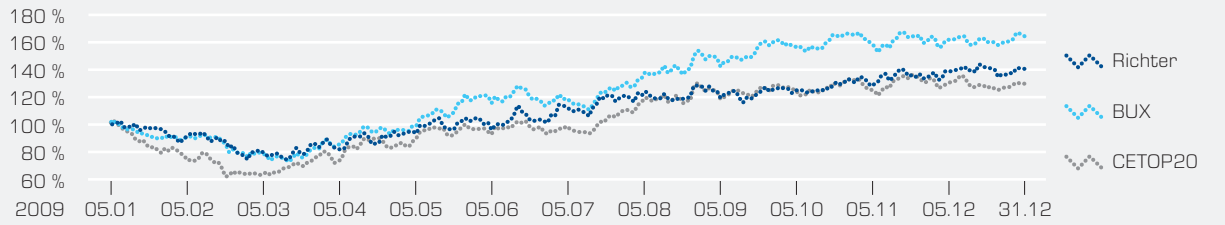
Good progress was also recorded in the development of biotechnology and in the setting up of manufacturing capacities in Debrecen. In addition to the above new product launches across the traditional regions of the Group – both licensed-in and developed in-house were also satisfactory.

Notwithstanding the aforementioned global difficulties, may I on behalf of our shareholders record the special recognition and thanks to Mr Erik Bogsch, the Managing Director and his management and supporting team, both at home and abroad, having accomplished remarkable results during the year; the figures speak for themselves! We are thus starting 2010 with a stable financial position to face the challenges of the future.

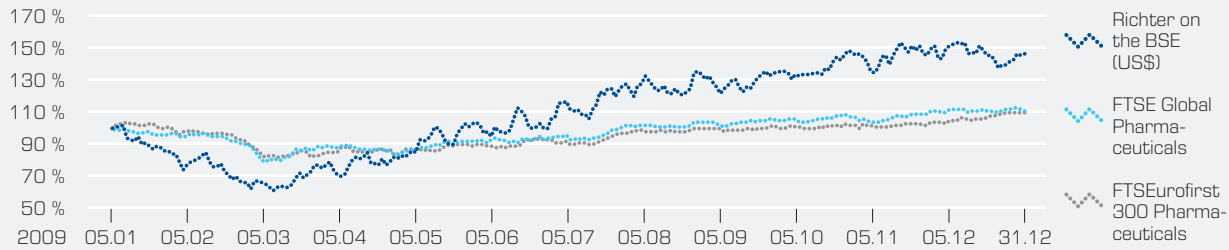
I also wish to extend my sincere thanks to my colleagues on the Board for their support of the Management by their expertise and wise counsel. I am therefore confident that your Company will continue to create increasing value for its investors.

William de Gelsey
Chairman

Gedeon Richter share price at the Budapest Stock Exchange compared to BUX and CETOP20 Indices



Gedeon Richter share price on the Budapest Stock Exchange compared to FTSE Global Pharmaceuticals and FTSEurofirst 300 Pharmaceuticals Indices

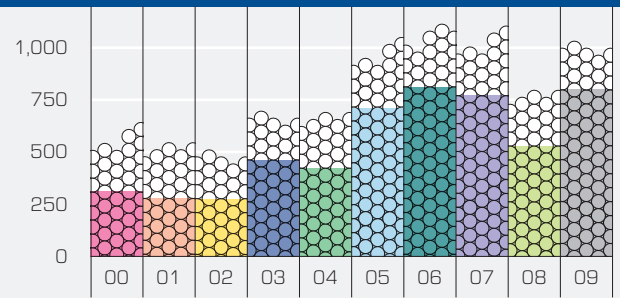


Notes:
- **BUX Index constituents are:** ECONET, EGIS, ÉMÁSZ, FHB, FOTEX, MOL, MAGYAR TELEKOM, OTP, PANNERGY, PHYLAXIA, RÁBA, RICHTER, SYNERGON, TVK.
- **CETOP20 Index (Central European blue chip index):** BANK PEKAO, BANK PKO BP, BRE BANK, CETV, CEZ, EGIS, ERSTE BANK, HT, KGHM, KOMERCNI BANKA, MOL, MAGYAR TELEKOM, NWR, OTP, PGNIG, PKN ORLEN, RICHTER, TELEFONICA O2, TELEKOM POLSKA, UNIPETROL
- **FTSE Global Pharmacuticals Index (FTGPH) constituents are:** NOVARTIS, ROCHE, GLAXOSMITHKLINE, SANOFI-AVENTIS, ASTRAZENECA, TAKEDA, NOVO NORDISK, ASTELLAS, DAIICHI SANKYO, CSL, CHUGAI, EISAI, SHIONOGI, PFIZER, JOHNSON&JOHNSON, AMGEN, ABBOTT LABORATORIES, MERCK, GILEAD SCIENCES, BRISTOL-MYERS SQUIBB, SCHERING PLOUGH, ELI LILLY, GENENTECH, CELGENE, GENZYME, BIOGEN IDEC, ALLERGAN, FOREST LABORATORIES, AMERISOURCEBERGEN
- **FTSEurofirst 300 Pharmaceuticals (E3PHRM) constituents are:** NOVARTIS, ROCHE, GLAXOSMITHKLINE, SANOFI-AVENTIS, ASTRAZENECA, NOVO NORDISK, SHIRE, ACTELION, UCB, MERCK KGAA.

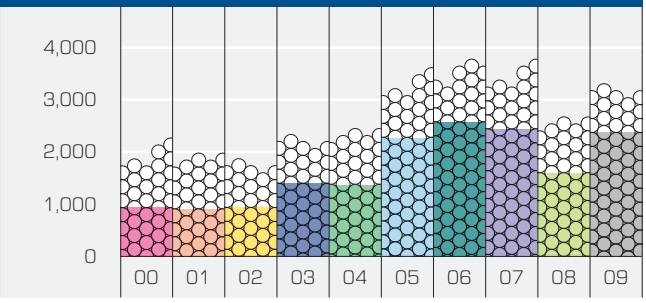
MARKET CAPITALISATION

The company's market capitalisation followed the performance of the share price and by the end of 2009 it increased in HUF terms above its value recorded on 31 December 2007, the end of the year preceding the global financial crisis. When compared to the depressed value of 2008 year end it increased by 51.2 percent from HUF 529 billion to HUF 800 billion. Market capitalisation on 31 December 2009 in Euro terms was EUR 3.0 billion, 47.3 percent higher than the EUR 2.0 billion amount recorded on 31 December 2008.

HUF bn Market capitalisation



EUR m Market capitalisation



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

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 and if an insufficient quorum, at 16.00 on 28 April 2010 at Budapest H-1143, Stefánia út 34.

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 including audited financial statements 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 3 international conferences and 4 additional investor roadshows in 2009. Gedeon Richter's management held 30 meetings for approximately 70 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 2009

UBS	'UBS Global Specialty Pharmaceuticals Conference'	London	2-3 June 2009
Portfolio	'Portfolio Tőzsdekonferencia'	Budapest	2 December 2009
ING	'12th ING EMEA CEO/CFO Investment Forum Prague'	Prague	1-4 December 2009

Investor roadshows in 2009

London, Edinburgh	18-20 February 2009
New York, Boston	26-27 February 2009
London, Edinburgh	7-9 October 2009
New York, Boston	13-15 October 2009

The Company's website (www.richter.hu) includes on it 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.

Analysts providing regular coverage about the company during 2009

Bank of America, Merrill Lynch	Mr Jamie Clark
Cashline	Mr Kornél Sarkadi Szabó
CIB	Mr Péter Dobár / Mr Norbert Harcsa
Concorde	Mr Attila Vágó
Credit Suisse	Mr Ravi Mehrotra / Mr Yasir Al-Wakeel
Deutsche Bank	Mr Gergely Várkonyi
Erste	Ms Vladimíra Urbánková
Goldman Sachs	Mr Anton Farlenkov
ING	Mr Luke Poloniecki
KBC	Ms Barbara Jánosi / Mr Gergely Pálffy
Morgan Stanley	Mr Peter Verdult
Raiffeisen	Mr Ákos Herczenik
UBS Warburg	Mr Martin Wales / Mr Guillaume van Renterghem
UniCredit	Ms Adriana Marin
Wood	Mr Ovidiu Fer / Mr Jan Tomanik

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 profit calculated according to the Hungarian Accounting Law for 2009.

Dividends approved by the shareholders of the Company at the Annual General Meeting held on 28 April 2009 totalled HUF 10,977 million (EUR 37.0 million) in respect of 2008. The portion payable in relation to ordinary shares, HUF 590 per share, represented 59 percent of the nominal share value. The record dates for these dividend payments were announced on 26 May 2009 with payments having commenced on 15 June 2009.

INFORMATION REGARDING RICHTER SHARES

SHARES IN ISSUE

The total number of shares in issue as at 31 December 2009 remained unchanged from the levels reported as at 31 December 2008.

TREASURY SHARES

Shares held by the Company in Treasury

	31 December 2009	31 December 2008
Number	18,279	19,898
Nominal value (HUF '000)	18,279	19,898
Book value (HUF '000)	779,824	558,617

The number of shares held in Treasury decreased slightly during 2009. The Company purchased 73,486 treasury shares on the Budapest Stock Exchange during 2009 in addition to a further 40,927 acquired on the OTC market throughout the year.

Based on a decision of the Board of Directors of Gedeon Richter Plc., 81,429 shares held by the Company in Treasury were granted as bonuses during 2009 to qualified employees participating in the bonus share programme as well as to members of staff rendering outstanding performance.

Due to a repurchase obligation stipulated in the programme approved by the Ministry of Finance related to employee share bonuses, the Company repurchased 1,968 shares from employees who resigned from the Parent company during 2009.

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

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

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

REGISTERED SHAREHOLDERS

There were no significant changes relating to the shareholder structure of the Company during 2009. The shares held by Hungarian State Holding company (MNV Zrt.) remained at 25 percent, approximately the same level as at 31 December 2008. The proportion held by domestic investors decreased slightly to 12 percent and that of foreign investors increased slightly to 63 percent.

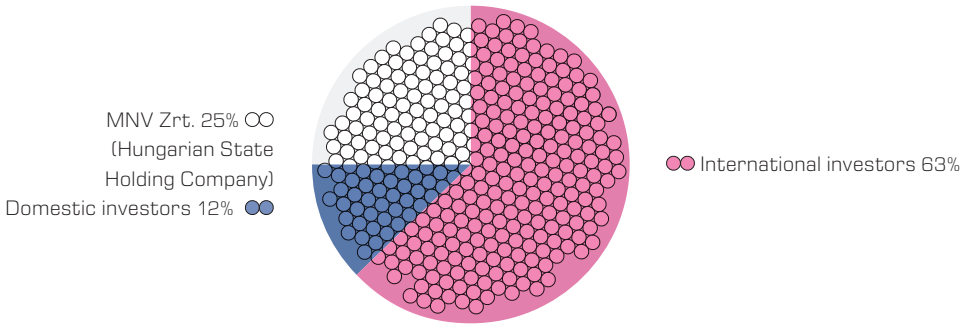
Data in the table below was compiled based on the share registry amended with information provided by KELER Zrt. as clearing company, global custodians and nominees.

Detailed ownership structure as of 31 December 2009

Ownership	Ordinary shares	Voting rights	Share capital
	Number	%	%
Domestic ownership	**6,746,005**	**36.25**	**36.20**
MNV Zrt.	4,680,898	25.15	25.12
Municipality	100	0.00	0.00
Institutional investors	1,622,507	8.72	8.71
Retail investors	442.5	2.38	2.37
International ownership	**11,782,883**	**63.32**	**63.22**
Institutional investors	11,778,565	63.30	63.20
out of which BNY Mellon [1]	1,302,151	7.00	6.99
Retail investors	4,318	0.02	0.02
Treasury shares [2]	**28,829**	**0.00**	**0.15**
Undisclosed property	**79,769**	**0.43**	**0.43**
Share capital	**18,637,486**	**100.00**	**100.00**

Notes: [1] The owners are global custodians or nominees acting as global custodians.
[2] Treasury shares include the combined ownership of the parent company and subsidiaries.

Ownership structure as of 31 December 2009



SHARE OWNERSHIP BY COMPANY BOARD MEMBERS

Ordinary shareholdings by the members of the Company's Boards

	31 December 2009	31 December 2008
	Number of ordinary shares	Number of ordinary shares
Board of Directors	4,101	4,413
Supervisory Committee	768	1,408
Executive Board	8,395	9,397
Total	**13,264**	**15,218**

Membership of the Company's Boards is shown on pages 18-23 of the Annual Report.

RISK MANAGEMENT

Richter Gedeon Plc. is committed to creating long-term value for its customers, shareholders, employees and society at large. In relation to achieving its corporate goals, the Company recognizes that risks are an integral part of its business and can feature opportunities, as well as threats and losses.

The effective management of risks plays an important role in the continued growth and success of Richter. The objective of risk management at Richter is not to eliminate risks, but rather to manage them in a way so as to provide that they remain within the predefined limits necessary for the Company to achieve its business objectives. Risk management at Richter is therefore about finding the right balance between risks and opportunities. By understanding and managing risk we endeavor to provide greater certainty for our shareholders, our employees, our customers and suppliers, and the communities in which we operate.

Richter views risk management as one of the tools for effective Corporate Governance. Our approach is to ensure that risks are identified in a timely manner, adequately understood, properly assessed and efficiently responded to by the Company.

Our risk management approach involves the following aspects:
– A risk management process that provides insight to the risks that the company faces ;
– A common risk language encompassing strategic, operational, compliance and financial risks to facilitate communications and decision-taking on risks;
– Respect of risk attitude;
– Periodic management review process to update the risk profile and monitor the effectiveness of risk management and internal controls;
– Accountability and governance structure in relation to risk management.

As part of a company-level risk assessment completed at the Company, 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
Competition and Pricing	– The impact on the Company's market position and results of increasing generic competition and decreasing prices in the competitive market	– Regularly performed competitor-, industry- and effectiveness analysis – Identifying competitive advantages – Introducing new generic products – Pricing strategy
Macroeconomic Factors	– The risk of changes in macroeconomic factors affecting the Company's markets, and especially the impacts of the global financial crisis	– Monitoring changes in major macroeconomic factors, incorporating their effects into the planning – Adaptation in cost management and client relationship
Healthcare Budget	– The potential impact on the Company of changes and monetary restrictions in healthcare budget and regulation	– Regular analysis of market environment, monitoring changes in the legal and medical subsidy system – Communication with authorities – Adaptation in cost management

2. Operational Risks	Description	Key risk management methods
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
Generic Development and Regulatory Affairs	– The risk relating to the success of generic developments and the efficiency of regulatory affairs	– Operational, financial and legal control of product development and regulatory affairs – Regular review and assessment by operating bodies
Original R&D	– The risk relating to the success of original research activities	– Regular assessment of external environment – Continuous monitoring of the status and future potential of original researches – Assessment of programs and decision-making within the Research Council

3. Compliance Risks	Description	Key risk management methods
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
Contracts and Liabilities	– The risk relating to managing contractual liabilities and enforcing contractual terms	– Corporate contracting processes – Special treatment of unique contracts
Health Authority Regulations, Quality Requirements, Quality Assurance	– The risk of non-compliance with relevant regulations relating to health and quality	– Implementing Quality systems and Standard Operational Processes (SOP) – Monitoring the compliance with health authority regulations

4. Financial Risks	Description	Key risk management methods
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 – Applying FX risk management policies and strategies – Securing FX conversion rates by financial transactions
Credit and Collections	– The risk relating to cash and receivable collection procedures	– Customer rating – Establishing payment terms and credit limits – Regular review of receivables
Capital Structure and Cash Management	– The risk relating to the effective management of the Company's cash assets	– Developing and monitoring cash-flow plans – Group-level principles for allocating free cash and cash equivalents

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 to enhance shareholder value, to differentiate the roles and responsibilities of the Board of Directors, the Executive Board and the Supervisory Committee, 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 and Supervisory Committee, the appointment of auditors, amendments to the Articles of Association, changes in the Company's share capital and other issues in its competence. A quorum of the General Meeting exists if shareholders, personally or through their representatives, representing over 50 percent 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. 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. Most 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 which 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, once a month, throughout the year. According to the Articles of Association, 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 at the AGM for a maximum term of 5 years. Two subcommittees of the Board were formed during 2004, which are to 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 the 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 our elected officers. This responsibility includes making recommendations to the Board of Directors with respect to cash-based incentive compensation plans and equity-based compensation plans; and setting the compensation of the Managing Director.

COMPANY'S BOARDS

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 committee comprises only the Executive Directors.

Overseeing the management of the Company is the Supervisory Committee. It meets every month during the year in accordance with legal requirements and 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 system of internal audit and control. The Supervisory Committee is provided with regular and detailed information about the management of the Company. The Chairman of the Supervisory Committee may attend meetings of the Board of Directors as an advisor. The members of the Supervisory Committee are elected at the AGM for a maximum term of 3 years.

The Audit Committee is responsible for the control of the Company's internal accounting standards. The Committee consists three independent members of the Supervisory Committee elected at the AGM.

BOARD OF DIRECTORS

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.

Erik Bogsch (1947)

Appointed Managing Director in November 1992. Chemical engineer, qualified economic engineer. With Richter since 1970 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 March 2006.

Dr György Biró (1945)

Legal adviser, specialising in economic law. Director of Industrial Association between 1982 and 2006. Legal-International Secretariat Directorate. Joined the Board in 1998.

Dr Jenő Koltay (1944)

PhD in Economics. Between 1991 and 2004 Director of the Institute of Economics of the Hungarian Academy of Sciences, currently head of the Public Economics research programme. Visiting professor at the Sorbonne during 1994-1997, Széchenyi professor of ELTE during 2000-2003, currently teaching at the Pannon University. Joined the Board in 1998.

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.

Christopher William Long (1938)

Career diplomat. Experience 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 Tamás Mészáros (1946)

Candidate of Economic Sciences, doctor representative of the Hungarian Academy of Sciences. Rector of the Budapest Corvinus University since 2004. President of the Board of Directors of the Hungarian Privatisation and State Holding Company between 2002 and 2006. Joined the Board in 2006.

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.

István Somkuti (1958)

Economist. Employed by Hungarian State Holding Company Ltd., Deputy Managing Director of the Portfolio Department. Joined the Board in 2004.

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.

Sándor Kováts | Dr Zsolt Szombathelyi | Dr Gábor Gulácsi | Erik Bogsch | András Radó | Lajos Kovács | Dr György Thaler

Erik Bogsch (1947)

Appointed Managing Director in November 1992. Chemical engineer, qualified economic engineer. With Richter since 1970 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 March 2006.

Dr Gábor Gulácsi (1958)

Appointed Deputy Managing Director upon joining the Company in February 2000. Responsible for Finance. Economist, University doctorate in Economic Sciences. Previously General Secretary of State, Ministry of Economic Affairs.

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.

Sándor Kováts (1960)

Appointed Director in 2006. Responsible for Commercial Services. 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.

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 Zsolt Szombathelyi (1957)

Appointed Research Director in October 2000. Physician, graduated from the Semmelweis Medical University. With Richter since 1981, in a number of management positions. Director of the Representative Office of Medimpex Japan Co. Ltd. in Tokyo from 1993 to 1998.

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 COMMITTEE

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 Committee since 2000. Member, Chairman of Audit Committee.

András Balaskó (1972)

Employee representative. Chemical engineer, with Richter since 1995. Former Deputy Manager of Synthetic I. Plant. Currently Deputy Head of Materials Warehousing. Joined the Committee in 2009.

József Erős (1933)

Qualified accountant, qualified tax adviser, qualified price expert. Previously Deputy Head of Accounting at the Ministry of Finance. Joined the Committee in 1991. Member of Audit Committee.

Jenő Fodor (1958)

Employee representative. MA in Chemical-mechanics. With Richter since 1984, Head of Capital Expenditure Department at Dorog Site. Joined the Committee in 2006.

Dr Mária Balogh, Jánokiné (1951)

Economist with University doctorate in Economic Sciences. Executive Director at Magyar Hitelbank since 1987. Director of OTP Bank since September 1995. Has been a member of the Committee since 1990. Member of Audit Committee.

Dr Gábor Simon Kis (1940)

Private pharmacist, economist, PhD in Economics. Head of Department at Ministry of Health from 1971 to 1988, then Director of Institute of National Hospital and Medical Technology until 1995. Joined the Committee in 1998.

András Sugár S. (1956)

Electrical and economic engineer. Managing Director at Alaska Advisory Ltd. since 2000. Joined the Committee in 2004.

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) regarding domestic shareholders' issues. Joined the Committee in 1990.

Changes to Boards during 2009

At the Annual General Meeting on 28 April 2009, the following were reappointed to the Supervisory Committee for a 3 year period until the 2012 Annual General Meeting:

– Dr Attila Chikán
– Mr József Erős
– Dr Mária Balogh, Jánokiné
– Dr Gábor Simon Kis
– Mr András Sugár S.
– Mr Gábor Tóth (employee representative)
– Mr Jenő Fodor (employee representative).

At the Annual General Meeting the following was elected to the Supervisory Committee for a 3 year period until the 2012 Annual General Meeting:

– Mr András Balaskó (employee representative)

Dr Attila Chikán was reelected as Chairman of the Supervisory Committee.

The Annual General Meeting elected to the Audit Committee 3 independent members of the Supervisory Committee. The re-elected members of the audit Committee are the following:

– Dr Attila Chikán
– Mr József Erős
– Dr Mária Balogh, Jánokiné.

MANAGING DIRECTOR'S REVIEW

We look back on an eventful year. While the economy remains surrounded by considerable uncertainty, we are looking to the future with relative confidence. Our Group strategy is tried and tested, and our commitment to research and development stands undiminished even in difficult times.

We believe Gedeon Richter as a company is well equipped, we trust in its strengths, and we stand for sustainable success. Our performance last year bolsters that confidence. 2009 was a year of both opportunity and challenge for the Company. I am proud to report that we delivered some significant success against a tough background of slowing growth rates in most of our key markets, ever-greater pressure on costs and increasing challenge from generic competition.

In Hungary following the implementation of severe government austerity measures in 2007, further restrictive measures were introduced by the Government with effect from 1 April 2009. The global financial crisis affected virtually all of our markets in the CEE region and the CIS and resulted in significant devaluation of the local currencies. Austerity measures, similar to those implemented in Hungary, were introduced also in these countries. Currency devaluations and further pressure on healthcare budgets lead to both price erosions and constraints on demand for pharmaceutical products.

Our Group reported HUF 267,344 million (EUR 952.4 million) consolidated sales in 2009, which represents a 13.0 percent growth (1.1 percent in Euro terms), when compared with 2008. In our core activity, which is pharmaceutical business, the following results were recorded during 2009:

Despite the challenges detailed above we reported a good 11 percent sales increase in EUR terms in Russia. During the year the stabilizing rouble/euro exchange rate and the increasing crude oil revenue created a more predictable political and economic environment. In Ukraine though a significant, 25 percent decline (in US$ terms) in our sales was recorded primarily related to the unstable political situation and the substantial, 48 percent devaluation of the hrivna against the US$. In Other CIS republics a 16 percent decrease was also reported in sales, mainly due to unfavourable economic conditions, significant devaluations of local currencies and related declines in purchasing power. In the USA, excellent 41 percent revenue growth in US$ terms was primarily due to a strong contribution from the API development and supply agreement (profit sharing agreement) with Teva-Barr related to drospirenone. Our Group continued to face strong competition, and sustained pressure from governments which resulted in both price erosion and lower reimbursement levels in almost all EU countries. Sales in this region declined 9 percent when compared to 2008. Due to a difficult macroeconomic environment and the negative impact of the government austerity measures, pharmaceutical market conditions in Hungary remained unfavourable throughout 2009. Nevertheless we achieved a slight, 4 percent growth in HUF terms on the Company's domestic market.

Over the medium term, we are committed to delivering on our strategy, which is founded on three strategic 'pillars':

I have always considered innovation as a key element in our strategy and I have paid particular attention to make every effort possible to ensuring that our **original research activities** might be both effective and successful. On 29 October 2009 Gedeon Richter Plc and Forest Laboratories, Inc. (NYSE: FRX) announced positive top-line results from a Phase IIb clinical trial of the novel, investigational antipsychotic agent Cariprazine for the treatment of acute exacerbation of schizophrenia. Based on this latest schizophrenia data and the previously announced Phase II results in patients suffering from acute mania associated with bipolar I disorder, the companies initiated Phase III trials for bipolar mania in the first quarter of 2010 and are scheduled to start Phase III trials in schizophrenia during the second quarter 2010.

We are convinced that a pharmaceutical company, which aims to remain competitive for the long term should create a portfolio containing **high added value products**.

As such therefore it is a strategic goal of Richter to establish a strong biological product line. We, jointly with Helm AG established the Hamburg based Richter-Helm Biologics, which carries out development and manufacturing of microbial proteins. A biotechnology pilot plant in Budapest became operational in 2009, which possesses development biosimilar versions of monoclonal antibodies. Meanwhile a greenfield investment on which construction commenced in Debrecen in 2008, progresses according to the plan. This facility will enable us to produce the most complex mammalian cell products from 2012 onward.

Our therapeutic niche area, gynaecology, considered as a high added value product group and where we have unique steroid chemistry knowledge also contributed to the sales levels achieved in 2009 and represented 35 percent of the Group's pharmaceutical turnover. This positive performance was further boosted by the peaking revenue generated from the profit sharing agreement with Teva-Barr related to drospirenone in the USA.

The outcome of original research activity and exploration into new, innovative areas, such as biosimilar development carry out high risk, but might provide high revenue. Whilst working on long term projects, we have to assure the sales flow and gain critical mass on each of our markets. **Generic products** coming either from in-house development or licensed in, provide the necessary top line growth.

Finally I would like to inform you all about the developments in respect of State ownership in Richter. The Exchangeable Bonds expired on 28 September 2009. The National State Holding Company refinanced the bonds following their expiry through the issue of new bonds exchangeable into Richter shares. On 25 September 2009 The Hungarian State Holding Company issued new bonds in the amount of EUR 833.3 million due 2014, exchangeable into approximately 4,680,672 common shares of Gedeon Richter. By retaining the shares, the Hungarian State indicated that it intends to ensure the continuation of Gedeon Richter's current strategy, specifically the preservation of the independence of Gedeon Richter and its vertically integrated business model (research and development, manufacturing, distribution and marketing). Gedeon Richter has been described as one of the most important sources of corporate innovation in Hungary with one of the highest R&D investment levels in the innovative segment of pharmaceutical development.

Despite the significant economic challenges being experienced around the world, I am confident that the progress that we continue to make in our priority areas means Richter Group is well placed to manage the corporate challenges and opportunities of a rapidly changing business environment. I believe that we have both the strategy and the engines for growth to create enduring value for our shareholders and society. Our results show that knowledge, commitment, work effectiveness and the experience of each individual employee at Richter together bode well for our future. Finally I would like to thank to our shareholders for the trust they continue to place in our Company.

Erik Bogsch
Managing Director

CONSOLIDATED TURNOVER

Richter is the largest Hungarian pharmaceutical company and comprises within the Group a number of subsidiaries, joint ventures and associated companies. In addition to its domestic market the Group sells APIs and finished form drugs to nearly one hundred countries around the world. Richter has a traditionally strong brand name and a well established sales network in Hungary, in Central and Eastern European and CIS countries. In the USA and the 'traditional' 15 EU countries Richter's products are marketed through a framework of strategic partnerships and long-term supply agreements.

Richter Group is active in three business segments: Pharmaceuticals as a core activity comprises research, development manufacturing and marketing of pharmaceutical products. In addition, the Group is also engaged in the Wholesale and retail of pharmaceutical products. The latter activities are mainly focused on one selective market, Romania. 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 commercial or marketing services to Group members belonging to the Pharmaceutical segment. In 2009 consolidated sales amounted to HUF 267,344 million (EUR 952.4 million) a 13.0 percent increase (1.1 percent in Euro terms) when compared with 2008.

In the following table we present Group turnover analysed by regions. A more detailed sales analysis by major market for the two key business segments can be found in the Annual Report on pages 30-40 and 41, respectively.

Sales by region

	2009	2008	Change		2009	2008	Change	
	HUF m	HUF m	HUF m	%	EUR m	EUR m	EUR m	%
Hungary	**31,641**	**30,568**	**1,073**	**3.5**	**112.7**	**121.7**	**-9.0**	**-7.4**
EU *	**101,543**	**97,701**	**3,842**	**3.9**	**361.8**	**389.0**	**-27.2**	**-7.0**
Poland	21,332	23,510	-2,178	-9.3	76.0	93.6	-17.6	-18.8
Romania	44,882	39,550	5,332	13.5	159.9	157.5	2.4	1.5
EU 9	18,047	17,507	540	3.1	64.3	69.7	-5.4	-7.7
EU 15	17,282	17,134	148	0.9	61.6	68.2	-6.6	-9.7
CIS	**84,768**	**73,577**	**11,191**	**15.2**	**302.0**	**292.9**	**9.1**	**3.1**
Russia	60,530	48,754	11,776	24.2	215.6	194.1	21.5	11.1
Ukraine	9,593	10,586	-993	-9.4	34.2	42.1	-7.9	-18.8
Other CIS	14,645	14,237	408	2.9	52.2	56.7	-4.5	-7.9
USA	**35,748**	**22,430**	**13,318**	**59.4**	**127.3**	**89.3**	**38.0**	**42.6**
Other countries	**13,644**	**12,242**	**1,402**	**11.5**	**48.6**	**48.7**	**-0.1**	**-0.2**
Total	**267,344**	**236,518**	**30,826**	**13.0**	**952.4**	**941.6**	**10.8**	**1.1**

* Note: All Member States of the European Union, except for Hungary.

MARKETS – PHARMACEUTICAL SEGMENT

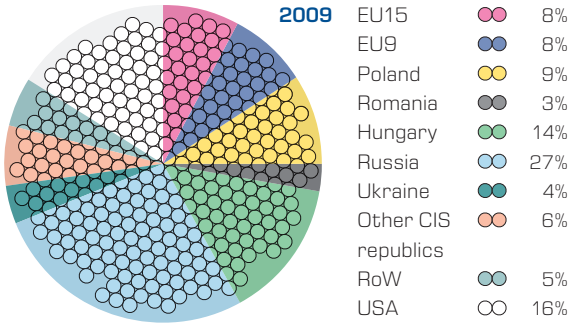
In the following sections we provide a brief recap of the yearly results of our core activity in each of our key countries and across all of our regions. Sales in the Pharmaceutical segment in 2009 totalled HUF 223,384 million (EUR 795.8 million), an increase of 14.2 percent (2.2 percent in Euro terms). Except for the USA and Russia, most of our main export markets were affected by the economic downturn and reported declines in turnover levels.

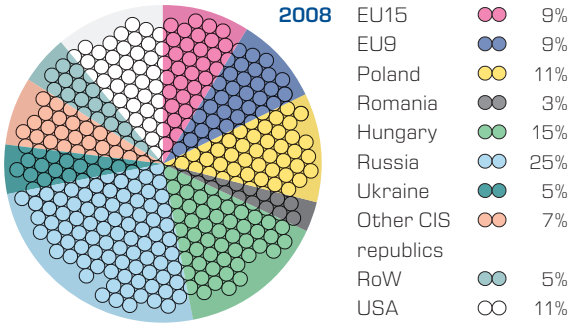
Sales by region

	2009	2008 [2]	Change		2009	2008 [2]	Change	
	HUF m	HUF m	HUF m	%	EUR m	EUR m	EUR m	%
Hungary	**30,456**	**29,369**	**1,087**	**3.7**	**108.5**	**116.9**	**-8.4**	**-7.2**
EU [1]	**62,656**	**61,806**	**850**	**1.4**	**223.2**	**246.0**	**-22.8**	**-9.3**
Poland	20,566	21,754	-1,188	-5.5	73.3	86.6	-13.3	-15.4
Romania	7,338	5,852	1,486	25.4	26.1	23.3	2.8	12.0
EU 9	18,039	17,490	549	3.1	64.3	69.6	-5.3	-7.6
EU 15	16,713	16,710	3	0.0	59.5	66.5	-7.0	-10.5
CIS	**82,800**	**72,450**	**10,350**	**14.3**	**295.0**	**288.5**	**6.5**	**2.3**
Russia	60,523	48,754	11,769	24.1	215.6	194.1	21.5	11.1
Ukraine	8,742	9,936	-1,194	-12.0	31.2	39.6	-8.4	-21.2
Other CIS	13,535	13,760	-225	-1.6	48.2	54.8	-6.6	-12.0
USA	**35,695**	**21,539**	**14,156**	**65.7**	**127.2**	**85.7**	**41.5**	**48.4**
Other countries	**11,777**	**10,467**	**1,310**	**12.5**	**41.9**	**41.7**	**0.2**	**0.5**
Total	**223,384**	**195,631**	**27,753**	**14.2**	**795.8**	**778.8**	**17.0**	**2.2**

Note: [1] All Member States of the European Union, except for Hungary.
[2] 2008 figures are restated.

Sales analysis by region





HUNGARY

The weak performance of the Hungarian economy continued to persist in 2009, while the government's target was to bring down the fiscal deficit to a reasonable level. GDP declined by 6.3 percent, while consumer price inflation was 4.2 percent, which altogether resulted in a decline in the population's purchasing power.

The uncertainties brought about by the government's actions implemented since the end of 2006 continued to influence the pharmaceutical market. The new reimbursement system with its quarterly frequency of reference price setting induced price reductions also in 2009, albeit on a significantly more moderate scale than the year earlier.

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

As set out by the drug economic act of 2007, pharmaceutical companies are required to pay as a contribution to health care expenses an amount equal to 12 percent of the subsidy on their products (based on producer prices and pharmacy turnover data) into the Health Insurance Fund. In 2009, this obligation for Gedeon Richter amounted to HUF 1,538 million, compared to HUF 1,592 million paid in 2008. The medical representative fee was reintroduced from 15 February 2009 in an amount of HUF 0.4 million per month per representative. The amount due by 31 December 2009 totalled HUF 545 million. According to the drug economic act, for the year 2009 companies with spending on R&D will become eligible for an up to 20 per cent deduction from the combined amount of the above obligations (ie. the 12 percent tax and the medical representative fee), which amounted to HUF 403 million in 2009. As approved by the Parliament on 29 June 2009, the rate of deduction may rise to a maximum of 100 percent for year 2010 onward.

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

Pharmaceutical sales segment totalled HUF 30,456 million (EUR 108.5 million) in 2009, 3.7 percent higher (in Euro terms 7.2 percent lower) than in 2008.

A number of products showed significant sales increases during the twelve months to December 2009, especially PORTIRON, ATROMBIN, LISONORM and MODUXIN. The range of oral contraceptives, together with EMETRON and AVONEX also performed well. Turnover of certain other products however fell behind levels achieved in the base period, including EDNYT (-22 percent), CALUMID (-13 percent) and PREDNISOLON (-22 percent).

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

New products launched in Hungary during 2009

Brand name	Active ingredient	Therapeutic area	Launch date
VIDOTIN	perindopril	Cardiovascular, antihypertensive	Q1, 2009
BORBIN *	meloxicam	Non-steroid, antiinflammatory	Q1, 2009
PORTIRON-HCT	losartan + hydrochlorothiazide	Cardiovascular, antihypertensive	Q1, 2009
ATROMBIN	clopidogrel	Cardiovascular, antithrombotic	Q2, 2009
ANDEVER *	simvastatin	Cardiovascular, cholesterol-lowering	Q2, 2009
LIVELLIN *	oxaliplatin	Oncology	Q2, 2009
PAFENON *	pantoprasole	Gastrointestinal, antiulcer	Q2, 2009
SOLETINC *	lecithine + vitamine C	Dietary supplement	Q2, 2009
SAMBA	desogestrel + ethinyl estradiol	Gynaecology, oral contraception	Q3, 2009
LISOPRESS HCT	lisinopril + hydrochlorothiazide	Cardiovascular, antihypertensive	Q3, 2009
AFLAMIN *	aceclofenac	Non-steroid, antiinflammatory	Q3, 2009
VOLINA	drospirenone + ethinyl estradiol	Gynaecology, oral contraception	Q3, 2009
ELLAONE *	ulipristal	Gynaecology, emergency contraception	Q4, 2009
DUAMILD	finasteride + tamsulosine	Urology, benign prostate hypertrophy	Q4, 2009

* Note: licensed-in products.

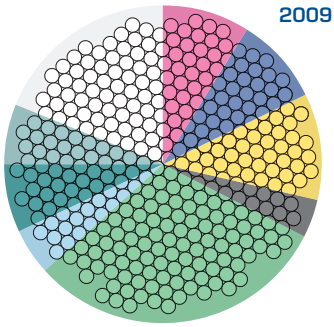
TOP 10 products in Hungary

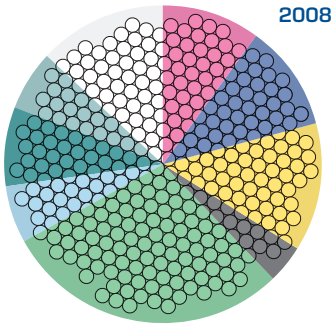
Brand name	Active ingredient	Therapeutic area	2009	2008	Change	
			HUF m	HUF m	HUF m	%
Oral contraceptives	hormones	Gynaecology, oral contraception	3,359	3,229	130	4.0
CAVINTON	vinpocetine	Central nervous system	2,198	2,225	-27	-1.2
QUAMATEL	famotidine	Gastrointestinal, antiulcer	1,859	1,938	-79	-4.1
LISONORM	lisinopril + amlodipine	Cardiovascular, antihypertensive	1,468	1,276	192	15.0
AVONEX	interferon-beta-1a	Sclerosis multiplex	1,173	1,058	115	10.9
NORMODIPINE	amlodipine	Cardiovascular, antihypertensive	1,119	1,138	-19	-1.7
ATORVOX	atorvastatin	Cardiovascular, cholesterol lowering	1,067	983	84	8.5
EDNYT / LISOPRESS	enalapril + lisinopril	Cardiovascular, antihypertensive	1,055	1,317	-262	-19.9
SEDRON / CALCI-SEDRON	alendronate	Osteoporosis	955	948	7	0.7
AFLAMIN	aceclofenac	Non steroid antiinflammatory	886	862	24	2.8
Subtotal			**15,139**	**14,974**	**165**	**1.1**
Other			15,317	14,395	922	6.4
Total			**30,456**	**29,369**	**1,087**	**3.7**

INTERNATIONAL SALES

International sales amounted to EUR 687.3 million in 2009, an increase of EUR 25.4 million or 3.8 percent over the previous year. Sales in the CIS totalled EUR 295.0 million, 2.3 percent higher when compared to 2008. Whilst turnover in Russia picked up during the second quarter 2009 and showed a notable recovery at the end of the year in Ukraine and in other CIS republics sales failed to pick up throughout the year. Turnover declined in the EU region by 9.3 percent in Euro terms. Sales in the USA increased by 41.0 percent in US$ terms in the reported period due primarily to significant revenues from our API development and supply agreements (profit sharing agreements). Turnover growth in the 'Rest of the World' region was virtually flat in Euro terms.

International sales analysis by region





Sales to TOP 10 international markets

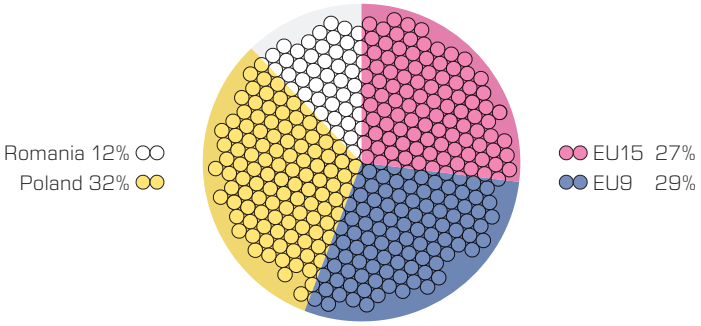
	2009	2008 *	Change	
	EUR m	EUR m	EUR m	%
Russia	215.6	194.1	21.5	11.1
USA	127.2	85.7	41.5	48.4
Poland	73.3	86.6	-13.3	-15.4
Ukraine	31.2	39.6	-8.4	-21.2
Romania	26.1	23.3	2.8	12.0
Germany	22.7	24.3	-1.6	-6.6
Czech Republic	20.4	23.6	-3.2	-13.6
Slovakia	19.4	20.4	-1.0	-4.9
France	13.7	18.7	-5.0	-26.7
Kazakhstan	12.1	18.2	-6.1	-33.5
Subtotal	**561.7**	**534.5**	**27.2**	**5.1**
Total export	**687.3**	**661.9**	**25.4**	**3.8**
Share of the TOP 10 export markets	81.7%	80.8%		

* Note: 2008 figures are restated.

EUROPEAN UNION

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

Sales to the EU in 2009



In 2009, although sales of gynaecological products decreased in Euro terms, they continued to represent 28 percent of turnover in the region.

In **Poland**, its largest market in the region, despite the global financial crisis 1.7 percent GDP growth was recorded combined with an inflation rate of 3.5 percent. The Group recorded pharmaceutical sales of EUR 73.3 million (PLN 316.9 million). The decrease of 15.4 percent in EUR terms over 2008 was primarily the result of the depreciation of the zloty, the invoicing currency in the Polish market against the Euro. In zloty terms the Group reported a 4.3 percent increase during 2009. Notwithstanding the currency effect, certain products achieved higher turnover in Euro terms, including GROPRINOSIN and AVONEX. A number of recently introduced products, such as PROTEVASC, and LARUS also significantly contributed to the turnover achieved in the reported year.

In **Romania**, 2009 was a very difficult year for the whole pharmaceutical market due to weak economic condition including a budget deficit combined with a high inflation rate, a significant devaluation of the local currency against the Euro and increasing level of unemployment. The overall pharmaceutical market was unfavourable and impacted by substantially delayed payments during 2009. With effect from 1 April 2009, prices of imported drugs have been required to be fixed in Leu. Additionally they are not permitted to exceed the lowest of prices observed in 12 EU reference countries or 65 percent of the original products' price. Consequently the Group was obliged to change its invoicing currency from Euro to Leu for reimbursed products. From 1 April, doctors have been required to prescribe the INN (International Non-proprietary Name) of the reimbursed drugs rather than a brand name. From 1 October 2009 the Government introduced significant delays in payment terms in respect of the Central Insurance House towards the wholesalers. Simultaneously, the Government also implemented a claw back regime in the range of 5-12 percent (aiming at the financing of the overspending of the pharmaceutical budget) to be paid to the Central Insurance House.

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

Pharmaceutical segment sales in Romania, sales amounted to EUR 26.1 million, a 12.0 percent year-on year increase in Euro terms, compared to the performance in 2008. Turnover of oral contraceptives, MODUXIN, AFLAMIL, and NALLIAN / NARUYD (gemcitabine) contributed the most to the sales performance achieved in 2009.

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

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

In the **Czech Republic** the local currency stabilized in 2009 compared to the volatile exchange rate movements which prevailed in 2008. Although the inflation rate was moderate, the increasing level of unemployment resulted in reduced purchasing power. The Group's turnover in this country in 2009 amounted to EUR 20.4 million, 13.6 percent lower than sales levels achieved in 2008. A number of products, such as LARUS, GORDIUS, DOXIUM and DAMURGIN showed good growth, but were unable to compensate for the sales decline attributable to the discontinued distribution of the licensed-in AVONEX as of June 2008. In **Slovakia** a moderate decline in GDP combined with slightly increasing consumer prices and unemployment rate resulted in relatively stable political and economic conditions. Turnover amounted to EUR 19.4 million in 2009. The discontinuation of the licensing agreement of AVONEX also affected sales levels achieved in this country. Good performance achieved by oral contraceptives and the recently introduced LARUS, as well as AFLAMIL could not offset the negative impact resulting from the lack of any AVONEX shipments. When adjusted for the turnover of AVONEX in the Czech Republic and Slovakia, the Group reported a moderate 3 percent and 5 percent year on year increase, respectively.

In the **Baltic States** sales amounted to EUR 13.8 million in 2009. The poor performance was a consequence of the severe economic downturn in this region. In **Bulgaria** sales totalled EUR 10.5 million in 2009, representing a decline of 3.6 percent over the previous year. Notwithstanding the overall decline, sales of certain products, primarily DIRONORM, DIROTON and AFLAMIL grew considerably.

In line with one of our primary objectives, notably to continuously renew and broaden our product portfolio, we are pleased to report the launch of several new products in the EU12 region during 2009.

New products launched in Central and Eastern Europe during 2009

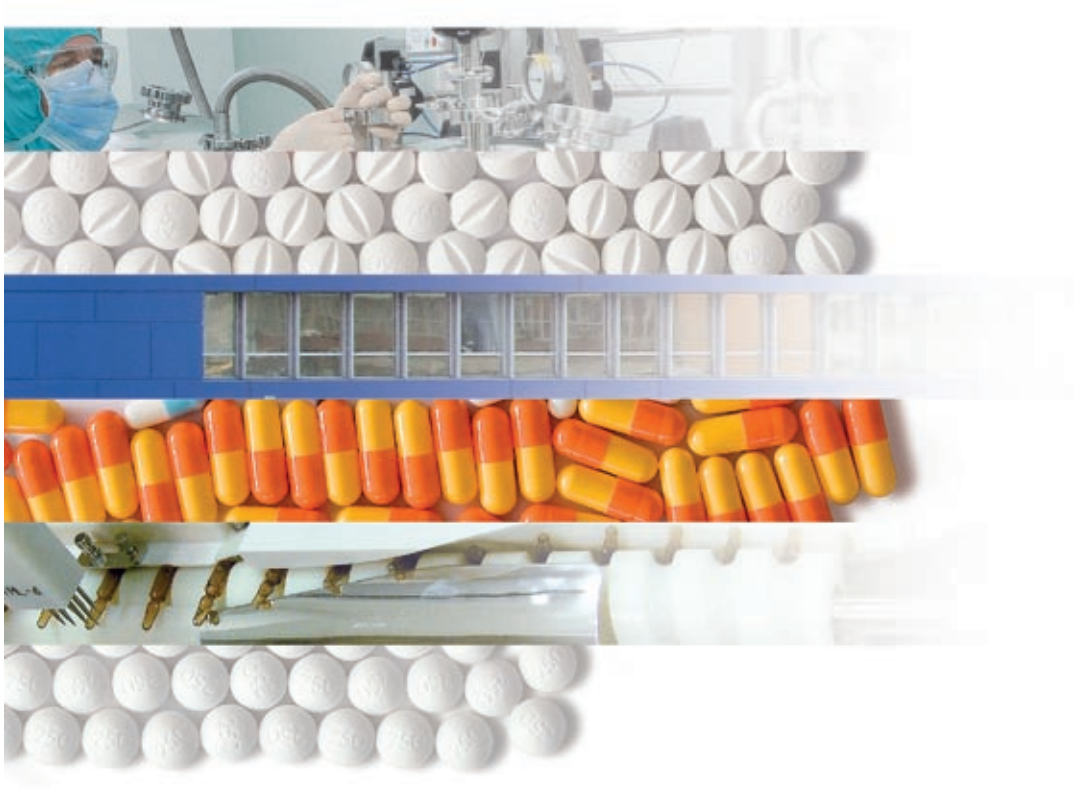
Country	Brand name	Active ingredient	Therapeutic area	Launch date
Poland	HELOPAN *	pantoprasole	Gastrointestinal, antiulcer	Q1, 2009
	VIDOTIN	perindopril	Cardiovascular, antihypertensive	Q1, 2009
	DOLFORIN *	fentanyl	CNS, narcotic analgesic	Q2, 2009
	DIRONORM	lisinopril + amlodipine	Cardiovascular, antihypertensive	Q3, 2009
	EONIC *	montelucast	Respiratory, antiasthmatic	Q4, 2009
	ELLAONE *	ulipristal	Gynaecology, emergency contraception	Q4, 2009
Romania	VIDOTIN	perindopril	Cardiovascular, antihypertensive	Q1, 2009
	NALLIAN *	gemcitabine	Oncology	Q3, 2009
	DOLFORIN *	fentanyl	CNS, narcotic analgesic	Q3, 2009
	JARVIS *	venlafaxine	CNS, antidepressant	Q3, 2009
	TONOLYSIN	lisinopril	Cardiovascular, antihypertensive	Q4, 2009
Czech Republic	GORDIUS	gabapentin	CNS, antiepileptic	Q2, 2009
	LARUS *	atorvastatin	Cardiovascular, cholesterol-lowering	Q2, 2009
	ASILAR *	omeprasole	Gastrointestinal, antiulcer	Q2, 2009
	NARUYD *	gemcitabine	Oncology	Q2, 2009
	NINIVET *	letrozole	Oncology	Q3, 2009
	DIROTON PLUS H	lisinopril + hydrochlorothiazide	Cardiovascular, antihypertensive	Q3, 2009
	KYLOTAN *	valsartan	Cardiovascular, antihypertensive	Q4, 2009
	DIRONORM	lisinopril + amlodipine	Cardiovascular, antihypertensive	Q4, 2009
	ELLAONE *	ulipristal	Gynaecology, emergency contraception	Q4, 2009
Slovakia	ASILAR *	omeprasole	Gastrointestinal, antiulcer	Q2, 2009
	NARUYD *	gemcitabine	Oncology	Q2, 2009
	NINIVET *	letrozole	Oncology	Q2, 2009
	DIROTON HCT	lisinopril + hydrochlorothiazide	Cardiovascular, antihypertensive	Q3, 2009
Baltic States	LOMAPOL *	atorvastatin	Cardiovascular, cholesterol-lowering	Q2, 2009
	DIRONORM	lisinopril + amlodipine	Cardiovascular, antihypertensive	Q3, 2009
	NALLIAN *	gemcitabine	Oncology	Q3, 2009
	EONIC *	montelucast	Respiratory, antiasthmatic	Q3, 2009
	VIDOTIN	perindopril	Cardiovascular, antihypertensive	Q4, 2009
	NEPANIL	escitalopram	CNS, antidepressant	Q4, 2009

* Note: licensed-in products.

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

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

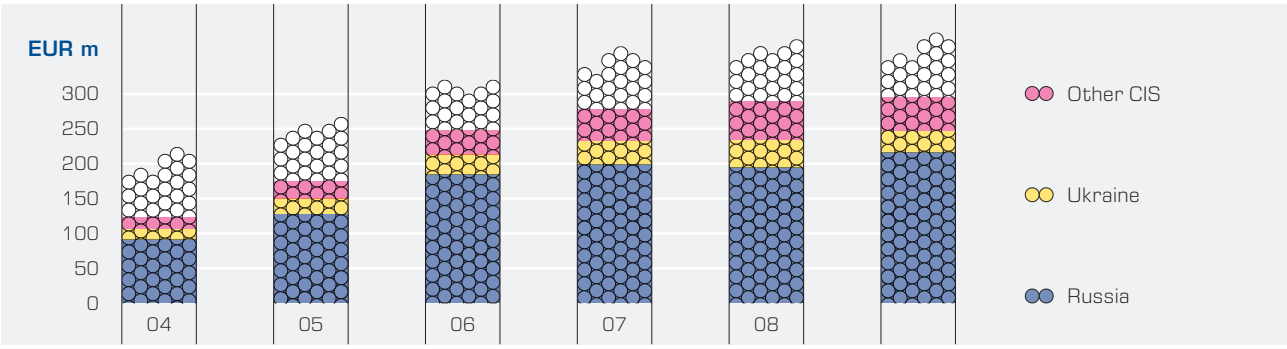
In **Germany** Richter Group reported sales of EUR 22.7 million in 2009, representing a 6.6 percent decline compared with the turnover in 2008. An increase in sales of enalapril tablets was more than offset by a decline reported in turnover of finished form terbinafine. In **France** the Group's turnover amounted to EUR 13.7 million in 2009, which represented a 26.7 percent decrease when compared to the prior year. The decline in both Germany and France was mainly due to sharply reduced stock levels at numerous partners and intensified generic competition.



CIS

Pharmaceutical Sales to the CIS in 2009 totalled EUR 295.0 million (US$ 411.5 million), representing a slight 2.3 percent increase (a 2.7 percent decline in US$ terms) compared to 2008. Sales in Russia showed a good growth in Euro terms, while turnover in Ukraine and the other republics was significantly lower compared to 2008.

Sales to the CIS



Turnover of gynaecological products led by the range of oral contraceptives showed flat sales levels (0.7 percent increase), and represented 21 percent of total CIS sales in 2009.

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

The global financial and economic crisis affected Russia significantly with the substantial devaluation of the rouble against the euro, combined with depressed crude oil prices having created an unfavourable economic environment for all players on the pharmaceutical market. In January 2009, Richter reached an agreement with its wholesalers to compensate part of their losses generated from the unforeseen hectic exchange rate movements in December 2008 and January 2009. Until the final agreement was concluded there were practically no shipments during the first month of 2009. In addition to the overall unfavourable market conditions, the lack of shipments combined with the value of the compensation resulted in a year on year decline in the first quarter 2009. The rouble/euro exchange rate stabilized during March, and this contributed

to restoring market confidence. Wholesalers and pharmacies both increased their inventory levels, resulting in higher sales levels. With only limited currency fluctuations during the second quarter, the rebates given for wholesaler compensation decreased when compared to the first three months. In the third quarter the stable rouble/euro exchange rate and increasing crude oil revenues created a more predictable political and economic environment in Russia, and this continued to prevail in the last quarter of 2009. The overall improving market conditions resulted in a good 22.1 percent year on year increase during the fourth quarter, although from a relatively low base.

The most outstanding growth was achieved by PANANGIN. Increased sales of the range of oral contraceptives, together with QUAMATEL, CAVINTON, and DECARIS also significantly contributed to the performance achieved in the reported period.

Pharmaceutical sales to **Ukraine** amounted to amounted to US$ 43.4 million (EUR 31.2 million) in 2009, a significant 25.2 percent (in EUR terms 21.2 percent) decline over the high base of the previous year. The poor performance was related to the effects of the unstable political and economic situation. The hrivna devalued substantially by 48 percent against the US$ during 2009. Most of the product portfolio reported a decline in sales.

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

New products launched in the CIS republics during 2009

Brand name	Active ingredient	Therapeutic area	Launch date
CO-DIROTON	lisinopril + hydroclorotiazide	Cardiovascular, antihypertensive	Q2, 2009
GROPRINOSIN	inosine pranobex	Antiviral	Q2, 2009

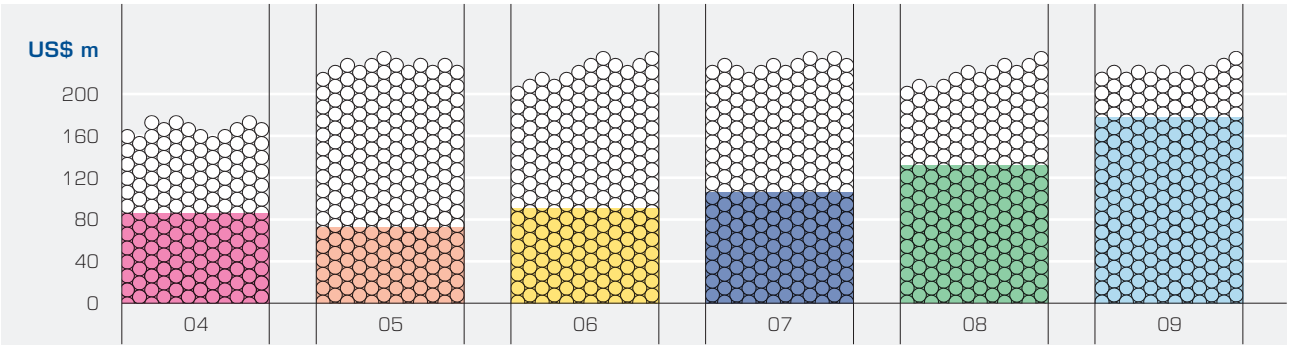
USA

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

Our finished form emergency contraceptive franchise was further expanded in the second half of 2009 by the addition of PLAN B ONE STEP (1.5 mg levonorgestrel 1x) developed and manufactured by Richter in partnership with Teva-Barr.

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

Sales to the USA



REST OF THE WORLD

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

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

WHOLESALE AND RETAIL ACTIVITIES

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 on one selective market, Romania. Dita Import Export and Pharmafarm wholesaling group supports our products on the Romanian market. It also offers to customers a wide product portfolio including representation for many important foreign manufacturers. Gedeon Richter Farmacia is our retail operation comprising 142 pharmacy units which supports the promotion and sale of Richter products.

The principal aim of wholesale and retail companies is to support the sales levels of Group's products on its selected traditional market.

Wholesale and retail sales

	2009	2008	Change	2009	2008	Change
	HUFm	HUFm	%	EURm	EURm	%
Hungary	257	269	-4.5	0.9	1.1	-18.2
Romania	41,399	36,743	12.7	147.5	146.2	0.9
CIS	1,747	1,547	12.9	6.2	6.2	0.0
Total	**43,403**	**38,559**	**12.6**	**154.6**	**153.5**	**0.7**

In Romania turnover of this business segment was practically flat in Euro terms during 2009 amounting to EUR 147.5 million, a mere 0.9 percent increase when compared to EUR 146.2 million reported in the previous year. This result was significantly impacted by an approximately 8.4 percent depreciation of the Romanian Leu and a worsening of the local business environment.

Impairment losses amounting to HUF 0.5 billion were accounted for during 2009 at most of our Romanian wholesaler units primarily as a result of doubtful receivables. Reimbursement amounts due to pharmacies were only paid belatedly by the Government and consequently pharmacies could not settle their outstanding debts on time. In addition the worsening business environment triggered a consolidation and restructuring of our wholesale and retail activity which has ultimately generated further impairment losses in the total amount of HUF 4.3 billion principally due to writing down the value of goodwill and pharmacy licenses that had been created on the acquisition of such companies.

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 900 employees in the field of research and development, Gedeon 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 development of generic products.

Proprietary research activities are focused exclusively on compounds for the diseases of the central nervous system (CNS), primarily on schizophrenia, depression, anxiety and chronic pain. The Company has a portfolio of 18 ongoing projects, of which one is in clinical Phase III trials, two are in clinical Phase II and three are in clinical Phase I. The remainders are in the preclinical phase. At the end of 2009 the clinical portfolio was the following:

Name of compound	Clinical phase		Indications	Partner
Cariprazine (RGH-188)	F3	United States	Schizophrenia	Forest Laboratories
	F3	Japan	Bipolar mania	Mitsubishi-Tanabe
	F2	United States	Bipolar depression	Forest Laboratories
	F2	United States	Major depression	Forest Laboratories
Radiprodil (RGH-896)	F2	United States	Chronic pain	Forest Laboratories

Following the publication of positive results for Phase II clinical trials of RGH-188 in the indication of bipolar mania in 2008, the Phase II/b trials of the same compound for schizophrenia also showed positive results in late 2009. For the primary endpoint, the Positive and Negative Syndrome Scale (PANSS), the data showed that patients with schizophrenia treated with Cariprazine experienced significant symptom improvement compared to placebo patients within the first week of treatment and at each subsequent time point studied. Cariprazine (RGH-188) clinical Phase III trials in the indication of bipolar mania have started in the first quarter of 2010, while for the schizophrenia indication Phase III trials are expected to start during the second quarter of 2010. Cariprazine is currently also undergoing Phase II clinical trials in patients with Bipolar Depressive Disorder and as adjunctive therapy in Major Depressive Disorder.

In order to ensure that our research activities targeting NCEs continuously meet the highest quality standards, we further improved our technical infrastructure during 2009 and created an experimental MRI laboratory which is unique in our region.

Based on our long term almost 50 year experience in the area of classical fermentation, combined with molecular biological 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, progresses according to the plans. This facility will enable us to produce the most complex mammalian cell products from 2012 onward. These monoclonal antibodies are considered to be one of the most up to date areas of pharmaceutical therapies.

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 Mitsubishi-Tanabe Pharmaceuticals have contributed substantially to the Company's research activity. In particular Richter's experience in preclinical trials has complemented well with Forest's experience in clinical trials.

Generic development work in several therapeutic areas continued in 2009 at the Parent company and at its two subsidiaries in Poland and Romania, all of which is coordinated by the Director of Development. The Group's target is to launch 5-7 new generic and branded generic products per year on its traditional markets, i.e. Hungary, CEE and CIS. Licensing-in activity increasingly 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 so as to create opportunities for further product introductions in the USA and EU markets.

As a result of the Group's development activity we successfully enhanced during 2009 our female healthcare product portfolio, launching the third generation desogestrel containing oral contraceptive SAMBA in Hungary and in Germany, and the drospirenone containing VOLINA in Hungary.

Several products developed in-house were introduced during 2009, namely the cardiovascular losartan and hydrocloritiazide containing combination product, PORTIRON HCT in Hungary, the antidepressant, escitalopram containing NEPANIL in the Baltic States. Additionally the cardiovascular, perindopril containing VIDOTIN in Hungary, in Poland, in Romania and in the Baltic States, the clopidogrel containing cardiovascular ATROMBIN in Hungary and finally the lisinopril and hydrocloritiazide containing, combination product, LISOPRESS HCT/DIROTON HCT/DIROTON PLUS H in Hungary, in the CIS countries, in the Czech Republic and in Slovakia were launched during 2009.

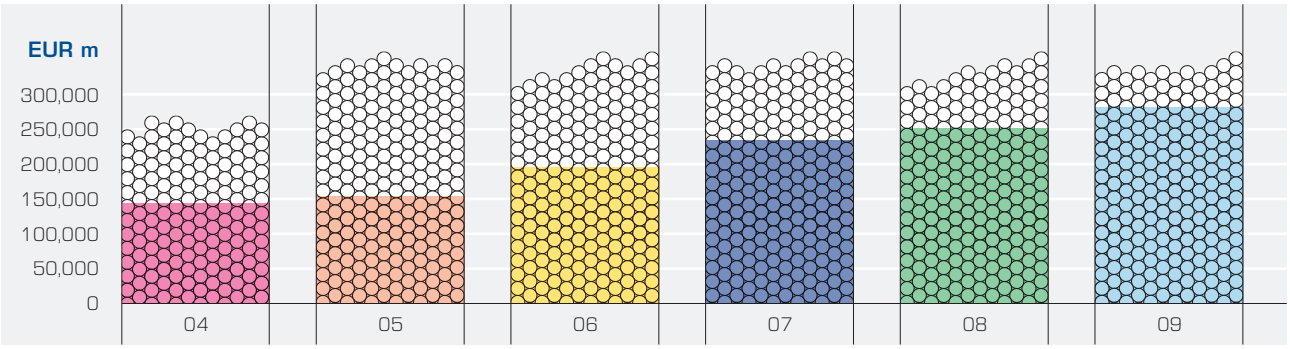
The Group reported in 2009 a substantial 28.1 percent increase in its spending on research and development which totalled HUF 23,567 million (EUR 83.9 million), representing 8.8 percent of consolidated sales.

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, began to experiment with 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 processes which result in high quality gynaecological products.

Currently, Richter makes available one of the widest range of female healthcare products from any company in the world while continuing to broaden its product portfolio. A key element of the Company's strategy has been and remains the development of its gynaecological business. This therapeutic area represented 35 percent of the Group's pharmaceutical turnover in 2009 and increased by 14 percent in EUR terms when compared to 2008. This product group contributed substantially to the Group's turnover on each of its international markets. Gynaecological products represented 21 percent of total CIS sales, 28 percent of turnover in the EU region and 92 percent of total US sales during 2009.

Sales of gynaecological products



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 second and third generation oral contraceptives and emergency contraceptives providing a wide range for the female population to choose those products which fit most to their personal needs.

Usage of oral contraceptives within fertility age women has gradually increased in the Central Eastern European and CIS regions, currently 4 percent in Russia, 9 percent in Romania, 14 percent in Poland, 15 percent in Slovakia, 19 percent in Hungary and 35 percent in the Czech Republic. These levels remain relatively low compared with 33 percent in Germany, 40 percent in France and 45 percent in the Netherlands and provide room for further growth in this therapeutic area by our Company. Being one of the largest pharmaceutical players in the region of CEE and CIS, management considers these markets to be one of the major potential drivers of growth in the coming years.

In accordance with our main strategic objectives the Company continued to launch new contraceptive products on its markets during 2009. SAMBA, a third generation, desogestrel containing oral contraceptive was launched in Hungary and in Germany, while VOLINA, a fourth generation, drospirenone containing oral contraceptive was introduced in Hungary.

The range of contraceptive products was one of the key drivers of growth in Hungary, in Russia, the Czech Republic and Slovakia. Richter's main strategic partner for API sales is the US based Teva-Barr, which, according to IMS statistics, is the second largest player by value on the hormonal contraceptive market in the USA. The Company supplies steroid APIs for nine of Teva-Barr's range of oral contraceptive products. Richter supplies also the emergency contraceptive PLAN B in finished form to Teva-Barr and this product also showed good results in 2009. A new emergency contraceptive PLAN B ONE STEP (1.5 mg levonorgestrel 1x) developed and manufactured in finished dosage form by Richter in partnership with Teva received final FDA approval in July 2009 and was introduced on the market in the third quarter of 2009.

In addition in June 2008, Richter also signed a profit sharing agreement with Barr in respect of drospirenone, and the related revenue significantly contributed to the Company's sales levels and profitability achieved in 2009.

In January 2009 Richter signed a distribution and marketing agreement with HRA Pharma. According to the agreement Richter will market and distribute HRA Pharma's product ELLA ® / ELLAONE ®, an innovative next generation emergency contraceptive, containing a new chemical entity, ulipristal acetate. This product was launched in Hungary and in certain CEE countries during 2009.

PRODUCTS FOR MENOPAUSE (HORMONE REPLACEMENT THERAPY, OSTEOPOROSIS MEDICATIONS)

The menopause is a period of natural transition which every woman eventually experiences. Unfortunately the decline in estrogen production that characterises this transition can have short and long term implications. It is no secret that the menopause might have a negative influence on the quality of life. Furthermore, estrogen loss is closely associated with the development of osteoporosis and fractures. Our aim is to maintain women's health and quality of life over the long term.

Gedeon Richter Plc. offers a wide range of HRT products and continuously expands its product portfolio. In order to meet women's needs for using the most convenient treatments possible, we pay particular attention to keep up with the most developed technologies and formulations. As a result, during the past few years we have licensed for marketing in Hungary, in certain EU member states and some of the RoW countries two HRT patches, which ease women's life and provide a safe and comfortable solution for their menopause problems.

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 2004 we licensed in from KV Pharmaceuticals the antifungal GYNAZOLE-1 and the antibacterial CLINDESSE with an innovative drug delivery system. In June 2009 the two companies (Richter and KV) entered into a further license-in agreement, which permits Richter to use KV's proprietary technologies. The technology transfer of the VagiSite Drug Delivery System was completed during the second half of 2009, and this enables Richter to manufacture products via this technology for both the EU and CIS regions.

In addition, in 2009 Richter licensed in from Radelkis IUD (Inter Uterine Device) a non hormonal spiral, medical device with a special composition, the registration of the product line being valid for all EU countries.

Main gynaecological products of Richter

Brand name	Active ingredients	Product type	Regions where launched [1]
VOLINA	drospirenone + ethinyl estradiol	Fourth generation oral contraception	Hungary
MILLIGEST	gestodene + ethinyl estradiol	Third generation oral contraception	Hungary; EU; CIS
LINDYNETTE	gestodene + ethinyl estradiol	Third generation oral contraception	Hungary; EU; CIS; Other countries
REGULON	desogestrel + ethinyl estradiol	Third generation oral contraception	Hungary; EU; CIS; Other countries
NOVYNETTE	desogestrel + ethinyl estradiol	Third generation oral contraception	Hungary; EU; CIS; Other countries
AZALIA	desogestrel	Third generation oral contraception	Hungary; EU; Other countries
SAMBA	desogestrel + ethinyl estradiol	Third generation oral contraception	Hungary; EU
RIGEVIDON	levonorgestrel + ethinyl estradiol	Second generation oral contraception	Hungary; EU; CIS; Other countries
TRI-REGOL	levonorgestrel + ethinyl estradiol	Second generation oral contraception	Hungary; EU; CIS; Other countries
ANTEOVIN	levonorgestrel + ethinyl estradiol	Second generation oral contraception	EU; Other countries
GOLDLILY/SILVERLILY	Cu + Au, Cu + Ag	IUD	Hungary; EU
ESCAPELLE (LEVONELLE ONE STEP in the EU, PLAN B ONE STEP in the USA)	levonorgestrel	Emergency contraception	Hungary; EU; CIS; USA; Other countries
POSTINOR (RIGESOFT in Hungary, LEVONELLE-2 in the EU, PLAN B in the USA)	levonorgestrel	Emergency contraception	Hungary; EU; CIS; USA; Other countries
ELLAONE [2]	ulipristal	Emergency contraception	Hungary; EU
KLION D	metronidazol+miconazol	Antifungal	Hungary; EU; CIS; Other countries
TULITA	estradiol + norethisterone	Hormone replacement therapy	Hungary
FEMSEVEN COMBI [2]	estradiol + levonorgestrel	Hormone replacement therapy (patch)	EU; Other countries
FEMSEVEN [2]	estradiol	Hormone replacement therapy (patch)	EU; Other countries
TRIAKLIM	estradiol + norethisterone	Hormone replacement therapy	Hungary, EU, CIS
ESTRIMAX	estradiol	Hormone replacement therapy	Hungary; EU
PAUSOGEST	estradiol + norethisterone	Hormone replacement therapy	Hungary; EU; CIS; Other countries
BROMOCRIPTINE	bromocriptine	Prolaktin inhibitor	Hungary; EU; CIS; Other countries
OXYTOCIN	oxytocin (injection)	Stimulation of uterine contraction	Hungary; EU; CIS; Other countries
NORCOLUT	progesteron + norethisterone	Praemenstruations syndrome	Hungary; EU; CIS; Other countries
GYNAZOL	butoconazole	Antifungal (cream)	Hungary; EU; CIS; Other countries
MYCOSYST GYNO	fluconazole	Antifungal	Hungary; EU; CIS; Other countries
SEDRON	alendronate	Osteoporosis	Hungary, EU, CIS
CALCISEDRON-D [2]	alendronate + calcium / vitamine D	Osteoporosis	Hungary
bulk products		Oral contraception	EU; USA; Other countries

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

PRODUCTS

Richter 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. The separate section on Female healthcare describes our gynaecological products in detail. Over the last decade this niche portfolio has contributed substantially to both the increase in sales and to the relatively high margins achieved by the Group.

Richter also markets as part of its portfolio original products and continues to carry out intensive research activities on 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.

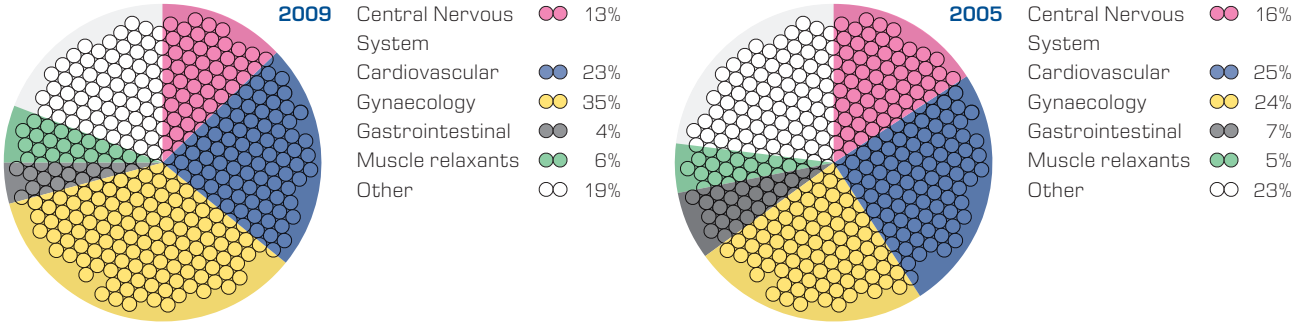
Gedeon Richter is a regional mid-sized pharma company with a vertically integrated structure. This is based on a good market position with geographic and therapeutic niches supported by continuous enhancement through the supply of specialties partly via licensing agreements. Licensing-in is becoming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

Main licencing-in partners of Richter

Company	Country	Product	Therapeutic area
Biogen Idec	USA	AVONEX, TYSABRI	Multiple sclerosis
KV Pharmaceutical	USA	GYNAZOL CLINDESSE, VagiSite technology	Gynaecologycal infections
Almirall Prodesfarma	Spain	AFLAMIN	Non steroid antiinflammatory
Merck KGaA	Germany	FEMSEVEN FEMSEVEN COMBI FEMSEVEN EVO	Gynaecology, hormone replacement therapy
Takeda	Japan	LANSONE	Gastrointestinal, antiulcer
Astellas	Japan	SUPRAX	Antibiotic
Janssen	Belgium	several products	Central nervous system, Antifungal, Antibacterial
Sanofi-Aventis	France	TARIVID	Antibiotic
Fournier	France	LIPIDIL, LIPANTHYL	Lipid lowering agents
HRA Pharma	France	ELLAONE	Emergency contraception
Helm	Germany	several products	Oncology, Opioid analgesic
Actavis	Iceland	several products	Cardiovascular, Clinical depression, Reflux

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 2009 originate from the three largest therapeutic categories. Gynaecological, cardiovascular and central nervous system products together generated 71 percent of total pharmaceutical sales.

Products by therapeutic group



Central nervous system related drugs contributed altogether 13 percent of total pharmaceutical sales. The leading CNS product was our original product, CAVINTON (vinpocetine), a cerebral oxygenation enhancer. The turnover of CAVINTON increased in 2009, mainly due to a good performance in Russia. Good sales increases were also achieved by the antipsychotic NANTARID, a quetiapine containing product. The dynamic sales growth of another antipsychotic, HALOPERIDOL (butyrophenone) was attributable to its good performance in Russia.

Cardiovascular drugs showed an above average sales growth in 2009, accounting for 23 percent of total pharmaceutical sales. PANANGIN became the leading product in this therapeutic area and reported the greatest increase in sales with most of its sales growth in the CIS markets. The antihypertension product LISONORM and vasoprotective MODUXIN (trimetazidine) were also among the drivers of the growth. The turnover of NORMODIPINE (amlodipine) continued to shrink in Hungary, while it increased on international markets of the Group, mainly in the CIS region.

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

Muscle relaxant drugs amounted to 6 percent of the total pharmaceutical revenue of the Group in 2009. The most significant sales were achieved by our original product MYDETON (tolperisone), primarily in Russia.

The sales of **antifungal** products such as TERBISIL (terbinafine) and MYCOSYST (fluconazole) continued to decline in 2009 principally as a consequence of decreasing reimbursement levels adopted in Hungary for such products.

TOP 10 products

Brand name	Active ingredient	Therapeutic area	2009	2008	Change	
			HUF m	HUF m	HUF m	%
Oral contraceptives	hormones	Gynaecology, contraception	69,932	53,122	16,810	31.6
CAVINTON	vinpocetine	Central nervous system	18,511	17,513	998	5.7
EDNYT / LISOPRESS	enalapril / lisinopril	Cardiovascular, antihypertensive	18,122	18,608	-486	-2.6
MYDETON / MYDOCALM	tolperisone	Muscle relaxant	9,851	9,521	330	3.5
PANANGIN	asparaginates	Cardiovascular, antihypertensive	8,763	5,668	3,095	54.6
VEROSPIRON	spironolactone	Cardiovascular, diuretic	8,031	7,710	321	4.2
QUAMATEL	famotidine	Gastrointestinal, antiulcer	7,382	6,630	752	11.3
NORMODIPINE	amlodipine	Cardiovascular, antihypertensive	5,302	5,199	103	2.0
MYCOSYST	fluconazole	Antifungal	3,911	4,465	-554	-12.4
LISONORM	lisinopril + amlodipine	Cardiovascular, antihypertensive	3,646	2,602	1,044	40.1
Subtotal			**153,451**	**131,038**	**22,413**	**17.1**
Other			69,933	64,593	5,340	8.3
Total			**223,384**	**195,631**	**27,753**	**14.2**

In line with the Group's strategy the product portfolio has been successfully enhanced. This focus continues through withdrawing low volume and low margin products and introducing new products with improved profit potential. Progress by the Group in launching new products continued in 2009. Several new generic products were launched on our markets.

New Product Launches

Brand name	Active ingredients	Therapeutic area	Indication	HU	PO	RO	RUS	EU 9	USA
Own developed compounds									
SAMBA	desogestrel + ethinyl estradiol	Gynaecology	oral contraception	9Q3					
VOLINA	drospirenone + ethinyl estradiol	Gynaecology	oral contraception	9Q3					
PORTIRON-HCT	losartan + hydrochlorothiazide	Cardiovascular	antihypertensive	9Q1					
VIDOTIN	perindopril	Cardiovascular	antihypertensive	9Q1	9Q1	9Q1		9Q4	
ATROMBIN	clopidogrel	Cardiovascular	antithrombotic	9Q2					
TONOLYSIN	lisinopril	Cardiovascular	antihypertensive			9Q4			
DIRONORM	lisinopril + amlodipine	Cardiovascular	antihypertensive		9Q3			9Q3	
CO-DIROTON	lisinopril + hydrochlorothiazide	Cardiovascular	antihypertensive				9Q2		
DIROTON PLUS H	lisinopril + hydrochlorothiazide	Cardiovascular	antihypertensive					9Q3	
LISOPRESS HCT	lisinopril + hydrochlorothiazide	Cardiovascular	antihypertensive	9Q3					
DIROTON HCT	lisinopril + hydrochlorothiazide	Cardiovascular	antihypertensive					9Q3	
NEPANIL	escitalopram	Central nervous system	antidepressant					9Q4	
GORDIUS	gabapentin	Central nervous system	antiepileptic					9Q2	
GROPRINOSIN	inosine pranobex	Other	antiviral				9Q2		
DUAMILD	finasteride + tamsulosine	Urology	benign prostate hypertrophy	9Q4					
PLAN B ONE STEP	levonorgestrel	Gynaecology	emergency contraception	9Q4					9Q3
Licensed-in products									
ELLAONE	ulipristal	Gynaecology	emergency contraception	9Q4	9Q4			9Q4	
ANDEVER	simvastatin	Cardiovascular	cholesterol-lowering	9Q2					
KYLOTAN	valsartan	Cardiovascular	antihypertensive					9Q4	
ASILAR	omeprasole	Gastrointestinal	antiulcer					9Q2	
PAFENON / HELOPAN	pantoprasole	Gastrointestinal	antiulcer	9Q2	9Q1				
NALLIAN / NARUYD	gemcitabine	Oncology				9Q3		9Q2	
NINIVET	letrozole	Oncology						9Q2	
LIVELLIN	oxaliplatin	Oncology		9Q2					
EONIC	montelucast	Respiratory	antiasthmatic		9Q4			9Q3	
BORBIN	meloxicam	Other	antiinflammatory	9Q1					
AFLAMIN	aceclophenac	Other	antiinflammatory	9Q3					
SOLETIN C	lecithine + vitamine C	Other	dietary supplement	9Q2					
LARUS	atorvastatin	Cardiovascular	cholesterol-lowering					9Q2	
LOPAMOL	atorvastatin	Cardiovascular	cholesterol-lowering					9Q2	
JARVIS	venlafaxine	Central nervous system	antidepressant			9Q3			
DOLFORIN	fentanyl	Central nervous system	narcotic analgesic		9Q2	9Q3			

MANUFACTURING AND SUPPLY

Gedeon Richter has always recognized that it is important to offer reliable and modern products at affordable prices.

Despite the recent economic turmoil we continue 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. Our supply chains are structured to be flexible and responsive to the changing needs of our local markets. During 2009 we maintained our focus on driving continuous improvement in our supply system as a part of wide ranging cost and efficiency programme. It is pleasing to report that this programme delivered real benefits, notably lower stock levels, which have been achieved without compromising our normal high levels of customer service and quality. Also, as a result of our strong commitment in this area, we successfully reduced water usage and waste.

Overall the volumes finished products manufactured a moderate year on year decline in 2009.

At all of our manufacturing sites in the CEE and CIS regions manufacturing of a variety of new products commenced during 2009.

Active Pharmaceutical Ingredients (APIs) manufacturing volumes declined in 2009 when compared to the levels recorded in 2008. The year on year decrease was primarily due to flat production levels of steroid APIs which were offset by the lower production levels of generic APIs.

Following a management decision in 2007 to reduce total capital expenditure spending in the Group, no major investment programmes were initiated during 2009 (excluding the ongoing project in Debrecen). However to ensure the highest quality standards are maintained, expenditure related to the modernization of the equipment and technologies both in the API manufacturing and finished dosage form production continued.

At our joint venture, Richter Themis in India, a pilot plant on which the construction commenced during 2008 became operational in 2009.

Smaller scale capital expenditure projects carried out at our subsidiaries included a new packaging plant at the Romanian manufacturing unit together with a small volume granulation unit at our Russian subsidiary, both of which became operational during 2009.

Throughout the year, several audits were conducted both on a regulatory and business partnership level, encompassing not only our facilities, but also the production processes used in the manufacturing of finished form products and APIs. We are pleased to report that all audits resulted in positive and satisfactory feedback.

CORPORATE SOCIAL RESPONSIBILITY

SAFETY, HEALTHCARE AND ENVIRONMENT

In recent years, Corporate Social Responsibility (CSR) has become a topic of increased awareness among society at large, the authorities, trade organizations, investors, the media and employees. Companies are expected to place more focus on business ethics and social responsibility.

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). In addition, Gedeon Richter has established policies and procedures to ensure responsible business ethics in specific areas in which it is important to maintain higher ethical standards than those required by local legislation.

In line with these standards we pay particular attention to creating a safe workplace environment. Continuous improvements 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.

Environmental Management Systems at the Company meets all requirements of ISO 14001:2004 standards. We are pleased to report that the most recent regular audit was successfully completed during 2009.

No fatal accidents or other serious work related injuries occurred at any of our facilities during 2009.

Following the reconstruction of the waste water pre-treatment plant, a trial run was completed successfully in 2009. Reduction of noise pollution related to steam and cooling energy supply systems has been also completed during the reported year. A further project initiated in 2009 was linked to regulations in respect of the use of Freon type materials and related to leakage testing cooling equipment. As a part of a medium term project, the reconstruction of the industrial waste sewage system continued during the reported year.

The Company continues to make progress on the harmonization of tasks related to employment healthcare and safety. The employment healthcare and safety management system established at the Company was originally certified according to the requirements of OHSAS 18001:1999 in 2006. We are pleased to report that as a result of the latest audit with the more stringent criteria of OHSAS 18001:2007 the Company was successfully re-certified in 2009 for a further three years.

COMMUNITY INVOLVEMENT

The management of Gedeon Richter have always been aware of the importance of community involvement. We recognize 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 Gedeon Richter supports projects in the areas of healthcare, science, education and environmental control in line with its mission of target for 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 range of science-based school programmes, including chemistry education in secondary schools and university programmes both in Hungary and abroad. For talented and ambitious PhD students we provide scholarships via the so called 'Talentum Foundation', which was established by the Company. On the occasion of its centenary in 2001 the Company created a foundation which has as its aim the support of scientific research and university education in the field of pharmaceutical research not only in Hungary but also for Hungarian talents living abroad.

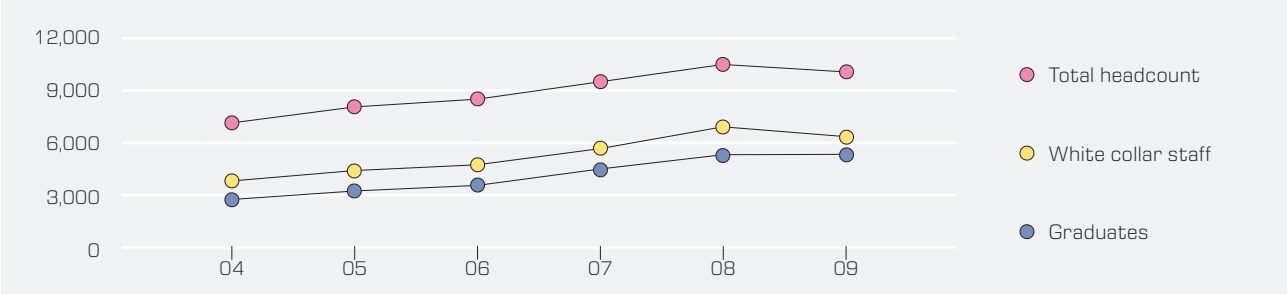
PEOPLE

Our business is built on innovation. In the knowledge driven pharmaceutical industry, human capital plays a critical role in the success of an organization. We need to attract, recruit and retain the most talented employees to help us maintain high levels of innovation and strong business growth.

Richter Group offers to its capable employees interesting work in an international environment and an opportunity to develop and advance in the business, professional and personal spheres. Together at Richter we are building a culture of mutual trust, respect, effective collaboration and teamwork, involving lifelong learning and responsible work. We respect legal regulations on ethical approaches to other people and those in the wider social environment.

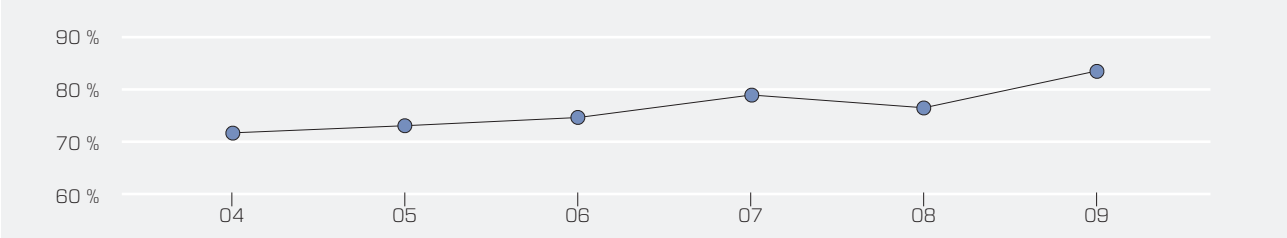
EMPLOYEES

Number of staff



The total headcount for the Group was 10,090 at the end of 2009, a 4 percent decrease (437) when compared with 2008, as a result of a decline in headcount both at the Parent company as well as at the subsidiaries.

Proportion of graduates*



Note: Within the white collar staff in Hungary.

The proportion of skilled employees at the Group slightly increased to 5,340 at the end of 2009, from 5,319 reported in 2008. The graduate educated personnel represented 84 percent of white collar staff and 53 percent of total number of employees at the Group.

The total headcount for the Parent Company was 5,932 at the end of 2009, a decrease of 242 during the year. In Hungary Gedeon Richter's headcount totaled 4,532, a decrease of 92 when compared with 2008.

The year on year decline is primarily due to the reorganization of the marketing activities in Poland.

The proportion of skilled employees at the Parent Company in 2009 remained virtually unchanged compared to that in 2008. Richter employed 2,912 graduate educated personnel at the end of 2009 and these represented 79 percent of white collar staff and 49 percent of the total number of employees in the Company.

RECRUITMENT AND INDIVIDUAL DEVELOPMENT

Attracting and retaining the best people in the industry is critical to enhancing and sustaining Richter's performance. The Company's Human Resources Department is focused on proactive identification of talented external candidates for key roles.

Most available positions are posted on our careers website. We have found that using the web enables us to reach far more people than through any other media for recruitment. This facility is also available to existing employees via our careers intranet site. 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, further their own career development 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 behavioral goals and helps them identify the training they need to develop their careers. The performance and development planning process was reviewed during the year, leading to improved compensation decisions.

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 2009 to support employees to participate in university education, including PhD courses. The relatively new form of education e-learning, which was first established at the Company a few years ago, became a more widely used tool of personal development during the year.

INTERNAL COMMUNICATION

We aim to provide an inclusive environment that encourages open discussion and debate at all levels across the Company. We carried out a survey to track employee opinion across a range of key topic areas. Approximately 50 percent of our employees participated in the survey, which identified some key areas that continue to require attention, in particular the need for improved communication from leaders about Richter's strategic direction.

DEVELOPING LEADERS

Good leadership is critical to stimulating the high level of performance that is essential to our continued success in a changing and increasingly challenging environment.

In addition to the well established management training programmes involving all managers of the Company both at middle and senior levels, a Leadership Competence Assessment programme was carried out during 2009. The result of this assessment enables all managers to design their personal coaching programme and identify 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.

The new career development programme first initiated in 2006, which focuses on further development of high potential management talent, continued in 2009. 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 were promoted to new management positions during the development programme. It is also pleasing to report that new candidates have been admitted to this programme in each year since its inception.

REMUNERATION AND OTHER EMPLOYEE PROGRAMMES

The importance of people must translate into employment practices that demonstrate the value of each individual. Compensation philosophy and programme development underscore Gedeon Richter's commitment to a performance culture. Performance based salary both base and variable, share awards, career development planning, an application system for professional career levels and continuing education all contribute to the retention of key talent, superior performance and the accomplishment of business targets.

The employee health programme, which was first initiated and financed by the company in 2006 was continued during 2009. All employees can participate in this wide-ranging medical programme which aims to prevent 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 at the Company are planned to promote physical and psychological welfare and to help employees cope with demanding jobs and busy lives.

In order to strengthen the loyalty for 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 be the subject for further development.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KEY FINANCIAL DATA

	2009	2008	Change	2009	2008	Change
	HUF m	HUF m	%	EUR m	EUR m	%
Total sales	267,344	236,518	13.0	952.4	941.6	1.1
Gross profit	150,901	128,097	17.8	537.6	509.9	5.4
Gross margin %	**56.4**	**54.2**		**56.4**	**54.2**	
Profit from operations	49,451	34,156	44.8	176.2	136.0	29.6
Operating margin %	**18.5**	**14.4**		**18.5**	**14.4**	
Profit before taxation	53,882	43,453	24.0	192.0	173.0	11.0
Profit for the year	50,953	41,577	22.6	181.5	165.5	9.7
Net margin %	**19.1**	**17.6**		**19.1**	**17.6**	
EPS (HUF, EUR) [1]	2,736	2,222	23.1	9.74	8.85	10.2
Total assets and total equity and liabilities	429,970	384,133	11.9	1,589.5	1,452.3	9.4
Capital and reserves [2]	378,755	339,286	11.6	1,400.2	1,282.7	9.2
Capital expenditure	24,211	22,010	10.0	86.3	87.6	-1.5
Number of employees at year-end	10,090	10,527	-4.2			

Notes: [1] EPS calculations were based on the total number of shares issued.
[2] Contains minority interest.

GROSS PROFIT

Gross profit totalled HUF 150,901 million (EUR 537.6 million) in 2009 compared with HUF 128,097 million (EUR 509.9 million) in 2008.

Gross margin in 2009 at 56.4 percent compared favourably with the 54.2 percent level achieved in 2008. This occurred as a result of the positive impact of the depreciation of the Hungarian Forint exchange rate against both the Euro and the US Dollar during the reported year combined with an increase in turnover resulting from profit sharing agreements. These positive elements were partly offset by an expansion of the lower margin wholesale and retail activity.

OPERATING EXPENSES

Sales and marketing expenses amounted to HUF 53,742 million (EUR 191.5 million) during 2009, a 3.5 percent increase (a decrease of 7.4 percent in Euro terms) when compared with 2008. The proportion to sales of S&M expenses was 20.1 percent. The increase is related to the ongoing effect of the expansion of the sales network of the Group implemented in 2008 and to the higher promotional costs of new product launches. S&M expenses include a net amount – taking into account a 20 percent allowance – of HUF 436 million registration fees payable in respect of medical representatives in Hungary, which were HUF 135 million higher in 2009 when compared with the previous year.

Administration and general expenses totalled HUF 17,241 million (EUR 61.4 million) during 2009, representing a 8.0 percent increase (in Euro terms a decrease of 3.3 percent) when compared with the levels recorded in the previous year. While administration and general expenses declined at the Parent Company as a result of a decrease in advisory fees and amortisation they showed an increase at the subsidiaries.

Research and development expenses represented 8.8 percent of sales and increased by 28.1 percent to HUF 23,567 million (EUR 83.9 million) during 2009. The increase when compared with last year resulted primarily from ongoing clinical trials carried out in co-operation with Forest Laboratories.

Other income and other expenses, the balance of which was on the cost side during 2009 and 2008, decreased from HUF 7,653 million (EUR 30.5 million) to HUF 6,900 million (EUR 24.6 million), impacted on the income side by the milestone payments linked to the successful completion of the Phase II clinical trial of RGH-188 for bipolar disorder in the first quarter and for schizophrenia in the fourth quarter 2009. On the other hand on the expense side the balance was increased by expenditure related to the 12 percent tax obligation (net HUF 1,175 million taking into account a 20 percent allowance) for the reported year as determined by the drug economic act introduced in 2007 and by impairment losses accounted for at the Parent Company and certain subsidiaries of the Group and finally by an increase in local taxes to be paid by the Parent Company. Expenses were further increased by impairment losses that were accounted for at the Romanian subsidiaries of the Group in the combined amount of HUF 4.3 billion related to goodwill and pharmacy licenses.

PROFIT FROM OPERATIONS

Profit from operations in 2009 was 44.8 percent higher at HUF 49,451 million when compared with 2008 and the consolidated operating margin also increased from 14.4 percent to 18.5 percent during 2009. In Euro terms operating profit was EUR 176.2 million, an increase of 29.6 percent when compared to the previous year.

NET FINANCIAL INCOME

	2009	2008	Change	2009	2008	Change
	HUF m	HUF m	%	EUR m	EUR m	%
Unrealised financial items	**-1,896**	**2,391**	**n.a.**	**-6.7**	**9.5**	**n.a.**
Reassessment of currency related trade receivables and trade payables	229	202	13.4	0.8	0.8	0.0
Reassessment of currency loans	-38	-57	-33.3	-0.1	-0.2	-50.0
Reassessment of other currency related items	-740	1,007	n.a.	-2.6	4.0	n.a.
Reversal of assessment of forward exchange contracts as of 1 January	-1,239	-	n.a.	-4.4	-	n.a.
Unrealised forward exchange contracts	-108	1,239	n.a.	-0.4	4.9	n.a.
Realised financial items	**6,275**	**6,003**	**4.5**	**22.3**	**23.9**	**-6.7**
Result of realised forward exchange contracts	1,745	232	652.2	6.2	0.9	588.9
Exchange losses / gains realised on trade receivables and trade payables	-414	1,562	n.a.	-1.5	6.2	n.a.
Exchange gains on conversion	485	629	-22.9	1.7	2.5	-32.0
Dividends	175	78	124.4	0.6	0.3	100.0
Net interest income	4,273	3,152	35.6	15.2	12.6	20.6
Other	11	350	-96.9	0.1	1.4	-92.9
Net financial income	**4,379**	**8,394**	**-47.8**	**15.6**	**33.4**	**-53.3**

Net financial income in 2009 totalled HUF 4,379 million (EUR 15.6 million), reflecting a decrease of HUF 4,015 million (EUR 17.8 million) when compared to a net financial income of HUF 8,394 million (EUR 33.4 million) reported in 2008.

Net financial income in 2009 was not materially impacted by the combined amount of reassessment losses accounted for among the unrealised financial items at the end of period closing exchange rate (HUF 549 million).

Fluctuations of exchange rates are shown in the following table:

Exchange rate movements

	31 December 2008	31 March 2009	30 June 2009	30 September 2009	31 December 2009
EUR / HUF	264.50	307.50	272.10	269.35	270.50
US$ / HUF	188.47	231.01	192.78	183.78	187.72

Net interest income for 2009 amounted to HUF 4,273 million (EUR 15.2 million) when compared to the HUF 3,152 million (EUR 12.6 million) realised during the previous year.

INCOME TAX

Since 1 January 2004, as a result of its capital expenditure programme and the increase in the number of employees, Gedeon Richter Plc has already benefited and expects to continue to benefit from a 100 percent corporate tax holiday until 2012. However, in accordance with the act for a "solidarity tax" which targets the correction of the national budget balance and which was passed by Parliament and promulgated in July 2006, Richter has been also obliged to pay a 4 percent extraordinary tax on its profit before taxation. It should be noted that this regulation was modified during 2006 with direct costs of R&D being accepted as a deduction from the calculation base so as to promote innovation. This extraordinary tax amounted to HUF 1,897 million in 2009. In addition the Group reported a HUF 1,032 million income and deferred tax. As voted by the Parliament in late 2009 the solidarity tax obligation has been discontinued with effect from 1 January 2010, while the corporate tax rate has risen from 16 to 19 percent.

PROFIT FOR THE YEAR

Profit for the year was HUF 50,953 million (EUR 181.5 million) in 2009, HUF 9,376 million (EUR 16.0 million) higher than reported in the previous year. It represented 19.1 percent of sales compared with the 17.6 percent reported in 2008.

NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY

Net income increased by HUF 9,576 million (EUR 16.8 million) during 2009 to HUF 50,986 million (EUR 181.6 million).

BALANCE SHEET

Total assets and total equity and liabilities of the Group amounted to HUF 429,970 million at 31 December 2009, HUF 45,837 million, or 11.9 percent higher than that reported at 31 December 2008.

Non-current assets amounted to HUF 175,168 million at 31 December 2009, 2.4 percent higher than the level reported at 31 December 2008.

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

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

Current assets amounted to HUF 254,802 million and increased by HUF 41,726 million (19.6 percent) when compared to the level reported at 31 December 2008 mainly due to higher levels of Cash and cash equivalents.

Inventories at HUF 5.3 billion below the amount reported at 31 December 2008 resulted mainly from the reduction of the inventories at the Parent Company as well as at the Group's wholesaler companies in Romania.

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

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

Capital and reserves of the Group amounted to HUF 378,755 million, an increase of HUF 39,469 million over the balance as at 31 December 2008.

Current liabilities of the Group at HUF 49,695 million on 31 December 2009 were 13.6 percent higher than at 31 December 2008 mainly due to higher levels of both Trade payables and Other payables and accruals.

CASH FLOW

	2009	2008
	HUF m	HUF m
Net cash flow		
From operating activities	73,787	42,417
From investing activities	-26,524	-35,429
From financing activities	-10,301	2,131
Effect of foreign exchange rate changes	-1,124	-1,494
Increase in cash and cash equivalents	**35,838**	**7,625**

As indicated by the cash flow statement, during 2009 the Group generated net cash from operating activities of HUF 73,787 million (EUR 262.9 million). Significantly higher level of cash from operating activities arose mostly as a result of higher profit for the year, lower levels of inventories and an increase in the amount of payables and other liabilities. Lower net cash flow directed towards investing activities also contributed to the significant increase of cash and cash equivalents during 2009 being the latter partly offset by the decreasing level of net cash flow originating from financing activities. Important amounts of cash were directed towards capital expenditure and payment of dividends. Overall, cash increased by HUF 35,838 million in 2009.

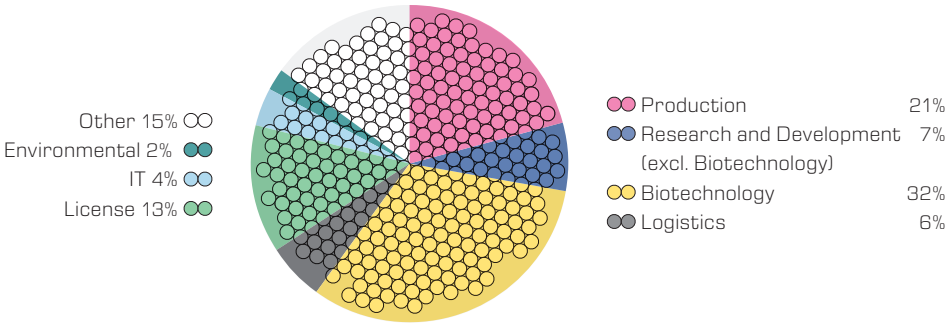
CAPITAL EXPENDITURE

Capital expenditure combined with Intangible assets in 2009 totalled HUF 24,211 million (EUR 86.3 million), compared to HUF 22,010 million (EUR 87.6 million) reported for 2008. As the adverse business environment prevailed in Hungary during 2009, Richter deliberately reduced capital expenditure in 2009 too whilst nevertheless not compromising its high manufacturing standards. Small-scale replacements at both important Hungarian locations of the Group – Budapest and Dorog – as well as the establishment of a new manufacturing project related to the production of IUDs (intra uterine devices) were put into operation during 2009.

Notable among the capital expenditures carried out at Group level were a new packaging plant at the Romanian manufacturing unit as well as a small volume granulation unit at our Russian subsidiary.

In line with the strategic goal of improving its share of high intellectual value intensive production and taking advantage of a sound knowledge in the field of large scale fermentation procedures the Company has entered into the development of biosimilar research and manufacturing capacities. Following the acquisition in 2007 in Germany of a manufacturing unit dedicated towards the development of bacterial fermentation together with a related pilot plant and laboratory, Richter announced in 2008 a greenfield investment to be carried out in the Hungarian city of Debrecen aimed at the manufacturing of biosimilar products by means of mammalian cell fermentation. Construction works of the building were finished during 2009 together with the major energy supplying (steam and hot water boilers, coolers, compressors, transformers) and transporting systems. Capital expenditure related to research, development and manufacturing of biological products in Hungary amounted to HUF 7,814 million (EUR 27.8 million) in 2009. The plant is expected to be operational in 2012.

Capital expenditure analysed by function in 2009



TREASURY POLICY

The treasury activities of Richter are co-ordinated and managed in accordance with procedures 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 government securities.

Considering that about 85 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 used for hedging purposes are employed. Such contracts have been concluded exclusively by the Parent Company.

Since January 2000, Richter has concluded forward exchange contracts to manage its exposure to fluctuations in exchange rates.

In 2009 Richter opened new forward exchange positions in order to minimise the US$/HUF and EUR/HUF exchange risks. The peak coverage level achieved through the opening of EUR/US$, US$/HUF and EUR/HUF positions was around one third of the net forex exposure.

In January 2010 Richter opened new forward exchange positions in order to minimise EUR/US$ exchange risks. The contracts concluded provide coverage until 31 December 2010 for approximately half of the expected net US$ exposure.

Exchange rate movements are closely monitored by the Company and the conclusion of further 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 managing director.

RECENT LITIGATION

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

The Consolidated Financial Statements in this Annual Report have been prepared in accordance with International Financial Reporting Standards (IFRS)

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Gedeon Richter Plc.

We have audited the accompanying consolidated financial statements of Gedeon Richter Plc. and subsidiaries, which comprise the consolidated balance sheet as at December 31, 2009, and the related consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of (or "present fairly, in all material respects,") the consolidated financial position of Gedeon Richter Plc. and subsidiaries as of December 31, 2009, and of its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Budapest, March 24, 2010

Gábor Gion
Deloitte
Auditing and Consulting Ltd.
1068 Budapest, Dózsa György út 84/C.
000083

Tamás Horváth
Registered Auditor
003449

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2009	Notes	2009	2008
		HUF m	HUF m
Sales	5	**267,051**	**236,101**
Royalty and other similar income	5	293	417
Total sales		**267,344**	**236,518**
Cost of sales		(116,443)	(108,421)
Gross profit		**150,901**	**128,097**
Sales and marketing expenses		(53,742)	(51,921)
Administration and general expenses		(17,241)	(15,965)
Research and development expenses		(23,567)	(18,402)
Other income and other expenses		(6,900)	(7,653)
Profit from operations	5	**49,451**	**34,156**
Income from associate		52	903
Net financial income	7	4,379	8,394
Profit before taxation		**53,882**	**43,453**
Income tax	8	(2,929)	(1,876)
Profit for the year		**50,953**	**41,577**
Out of which:			
Net income attributable to equity holders of parent company		50,986	41,410
Net income attributable to non-controlling interest		(33)	167
Earnings per share (HUF)	9		
Basic		2,740	2,227
Diluted		2,736	2,222

The notes on pages 76 to 114 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2009	Notes	2009	2008
		HUF m	HUF m
Profit for the year		**50,953**	**41,577**
Exchange differences arising on translation of foreign operations		(1,267)	(4,114)
Fair value reserve		382	67
Comprehensive income		**50,068**	**37,530**
Out of which:			
Comprehensive income attributable to equity holders of parent company		50,222	37,521
Comprehensive income/(loss) attributable to non-controlling interest		(154)	9

The notes on pages 76 to 114 form an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET

at 31 December 2009	Notes	2009	2008
		HUF m	HUF m
ASSETS			
Non-current assets		**175,168**	**171,057**
Property, plant and equipment	11	142,363	141,935
Investment property	12	769	766
Goodwill	20	3,236	5,815
Intangible assets	11	11,322	9,821
Investments in associates	15	6,236	6,533
Other financial assets	16	8,994	3,578
Deferred tax assets	18	671	1,048
Loans receivable	19	1,577	1,561
Current assets		**254,802**	**213,076**
Inventories	21	51,459	56,808
Trade receivables	22	79,414	68,671
Other current assets	23	8,919	9,190
Investments in securities	24	21,716	18,862
Cash and cash equivalents	25	93,294	57,456
Assets classified as held for sale	17	-	2,089
Total assets		**429,970**	**384,133**
EQUITY AND LIABILITIES			
Capital and reserves		**378,755**	**339,286**
Share capital	26	18,638	18,638
Treasury shares	27	(825)	(604)
Share premium		15,214	15,214
Capital reserves		3,475	3,475
Foreign currency translation reserves	26	(8,664)	(7,518)
Fair value reserves	26	474	92
Equity-settled employee benefits reserve	26	619	-
Retained earnings		347,211	307,202
Non-controlling interest		2,613	2,787
Non-current liabilities		**1,520**	**1,099**
Borrowings	31	702	70
Deferred tax liability	18	818	817
Other non-current liability		-	212
Current liabilities		**49,695**	**43,748**
Borrowings	31	5,387	5,053
Trade payables	28	31,345	27,864
Current tax liabilities	18	167	485
Other payables and accruals	29	10,878	8,293
Provisions	30	1,918	1,201
Liabilities directly associated with assets classified as held for sale	17	-	852
Total equity and liabilities		**429,970**	**384,133**

The notes on pages 76 to 114 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2009	Notes	Share capital	Share premium	Capital reserves
		HUF m	HUF m	HUF m
Balance at 1 January 2008		18,638	15,212	3,475
Comprehensive income at 31 December 2008		-	-	-
Conversion of preference shares		-	2	-
Treasury shares issued and purchased	27	-	-	-
Ordinary share dividend for 2007	32	-	-	-
Adjustments in connection with merger of new Romanian investments		-	-	-
Absorption of non-controlling interest		-	-	-
Balance at 31 December 2008		18,638	15,214	3,475
Balance at 1 January 2009		18,638	15,214	3,475
Comprehensive income at 31 December 2009		-	-	-
Conversion of preference shares		-	-	-
Treasury shares issued and purchased	27	-	-	-
Ordinary share dividend for 2008	32	-	-	-
Absorption of non-controlling interest		-	-	-
Recognition of share-based payments	26	-	-	-
Balance at 31 December 2009		18,638	15,214	3,475

The notes on pages 76 to 114 form an integral part of the consolidated financial statements.

Treasury shares	Fair value reserves	Foreign currency translation reserves	Equity-settled employee benefits reserve	Retained earnings	Attributable to owners of the Parent Company	Non-controlling interest	Total
HUF m	HUF m	HUF m	HUF m	HUF m	HUF m	HUF m	HUF m
(1,718)	25	(3,562)	-	274,113	306,183	8,198	314,381
-	67	(3,956)	-	41,410	37,521	9	37,530
-	-	-	-	-	2		2
1,114	-	-	-	-	1,114		1,114
-	-	-	-	(8,362)	(8,362)		(8,362)
-	-	-	-	41	41		41
-	-	-	-	-	-	(5,420)	(5,420)
(604)	92	(7,518)	-	307,202	336,499	2,787	339,286
(604)	92	(7,518)	-	307,202	336,499	2,787	339,286
-	382	(1,146)	-	50,986	50,222	(154)	50,068
-	-	-	-	-	-	-	-
(221)	-	-	-	-	(221)	-	(221)
-	-	-	-	(10,977)	(10,977)	-	(10,977)
-	-	-	-	-	-	(20)	(20)
-	-	-	619	-	619		619
(825)	474	(8,664)	619	347,211	376,142	2,613	378,755

The notes on pages 76 to 114 form an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2009	Notes	2009	2008
		HUF m	HUF m
Operating activities			
Net income attributable to equity holders of parent company		50,986	41,410
Depreciation and amortisation		19,715	20,583
Net financial income		(4,379)	(8,394)
Income tax recognised through profit or loss		2,929	1,876
Adjustments in connection with acquisition of new Romanian investments		-	41
Changes in provision for defined benefit plans	30	251	312
Loss on disposal of property, plant and equipment and intangible assets		624	2,368
Impairment loss recognised on intangible assets		4,278	-
Loss on disposal of subsidiary	37	643	-
Gain on disposal of subsidiary		-	(18)
Expense recognised in respect of equity-settled share-based payments	26	619	-
Movements in working capital			
Increase in trade and other receivables		(9,923)	(9,671)
Decrease/(increase) in inventories		5,355	(1,384)
Increase/(decrease) in payables and other liabilities		5,209	(1,486)
Change in the amount of assets and related liabilities classified as held for sale	17	-	(1,237)
Income tax paid	18	(2,520)	(1,983)
Net cash flow from operating activities		**73,787**	**42,417**
Cash flow from investing activities			
Payments for property, plant and equipment and intangible assets		(24,211)	(22,010)
Proceeds from disposal of property, plant and equipment		341	630
Payments to acquire financial assets		(7,888)	(13,395)
Proceeds on sale of financial assets		297	6,309
Proceeds loans receivable		(16)	(547)
Interest and similar income		4,273	3,152
Dividend income		175	78
Net cash inflow from disposal of subsidiaries	37	709	1,500
Net cash outflow on acquisition of subsidiaries	36	(204)	(11,146)
Net cash flow from investing activities		**(26,524)**	**(35,429)**
Cash flow from financing activities			
Proceeds from conversion of preference shares		-	2
Proceeds from disposal of treasury shares	27	(221)	1,114
Dividends paid		(10,977)	(8,404)
Proceeds from financing activities		(69)	5,164
Proceeds from borrowings		966	4,255
Net cash flow from financing activities		**(10,301)**	**2,131**
Net increase in cash and cash equivalents		**36,962**	**9,119**
Cash and cash equivalents at beginning of year		**57,456**	**49,831**
Effect of foreign exchange rate changes on the balances held in foreign currencies		(1,124)	(1,494)
Cash and cash equivalents at end of year		**93,294**	**57,456**

The notes on pages 76 to 114 form an integral part of the consolidated financial statements.

1. GENERAL BACKGROUND

I) Legal status and nature of operations

Gedeon Richter Plc. ("the Company"), the immediate parent and ultimate controlling party respectively of the Group, a manufacturer of pharmaceutical products based in Budapest, was established first as a Public Limited Company in 1923. The predecessor of the Parent Company was founded in 1901 by Mr Gedeon Richter, when he acquired a pharmacy. In 1990, Kőbányai Gyógyszerárugyár ("KGY"), a state owned enterprise which was transformed into a Company limited by shares ("Rt."), was amalgamated into the Parent Company. The Company is headquartered in the Republic of Hungary and its registered office is at Gyömrői út 19-21, 1103 Budapest.

II) Adoption of new and revised Standards

The following amendments to the existing standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee and adopted by the EU are effective for the current period. The adoption of the below presented Amendments and new Standards and Interpretations had no significant impact on the consolidated financial statements of the Group.

I) IAS 1 (Revised) Presentation of Financial Statements – a revised presentation	Effective for annual periods beginning on or after 1 January 2009
II) IAS 23 (Revised) Borrowing Costs	Effective for annual periods beginning on or after 1 January 2009
III) IAS 32 Amendment to Financial Instruments: Presentation and IAS 1 Presentation of Financial statements – Puttable financial instruments and obligations arising on liquidation	Effective for annual periods beginning on or after 1 January 2009
IV) IFRS 1 Amendment to First-time adoption of IFRS and IAS 27 Amendment to Consolidated and Separate Financial Statements – Cost of investment in a subsidiary, jointly-controlled entity or associate	Effective for annual periods beginning on or after 1 January 2009
V) IFRS 2 Amendment to Share-based Payment – Vesting conditions and cancellations	Effective for annual periods beginning on or after 1 January 2009
VI) Amendments to IFRS 4 Insurance contracts and IFRS 7 Financial Instruments: Disclosures - Improving disclosures about financial instruments	Effective for annual periods beginning on or after 1 January 2009
VII) Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures - Reclassification of financial assets	Effective for annual periods beginning on or after 1 January 2009
VIII) IFRS 8 Operating Segments	Effective for annual periods beginning on or after 1 January 2009
IX) IFRIC 9 Amendment to Reassessment of Embedded Derivatives and IAS 39 (Amendment) Financial Instruments: Recognition and Measurement – Embedded derivatives	Effective for annual periods ending on or after 30 June 2009
X) IFRIC 11 IFRS 2 – Group and Treasury Share Transactions	Effective for annual periods beginning on or after 1 March 2008
XI) IFRIC 13 Customer Loyalty Programmes	Effective for annual periods beginning on or after 1 July 2008
XII) IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Effective for annual periods beginning on or after 1 January 2009
XIII) Amendments to various standards and interpretations resulting from the Annual quality improvement project of IFRS published on 22 May 2008 (IAS 1, IFRS 5, IAS 8, IAS 10, IAS 16, IAS 19, IAS 20, IAS 23, IAS 27, IAS 28, IAS 29, IAS 31, IAS 34, IAS 36, IAS 38, IAS 39, IAS 40, IAS 41) primarily with a view to removing inconsistencies and clarifying wording.	Most amendments are to be applied for annual periods beginning on or after 1 January 2009

At the balance sheet date of these financial statements, the following Standards, Revisions and Interpretations adopted by the EU were issued but not yet effective. The adoption of the below presented Amendments and new Standards and Interpretations would have no significant impact on the consolidated financial statements of the Group.

I) IAS 27 Amendment to Consolidated and Separate Financial Statements	Effective for annual periods beginning on or after 1 July 2009
II) IAS 32 Amendment to Financial instruments: Presentation – Accounting for rights issues	Effective for annual periods beginning on or after 1 January 2011
III) IAS 39 Amendment to Financial Instruments: Recognition and Measurement – Eligible hedged items	Effective for annual periods beginning on or after 1 July 2009
IV) IFRS 1 Amendment to First time adoption of IFRS – Additional exemptions for First-time Adopters	Effective for annual periods beginning on or after 1 January 2010
V) IFRS 3 (Revised) Business Combinations	Effective for annual periods beginning on or after 1 July 2009
VI) IFRIC 12 Service Concession Arrangements	Effective for annual periods beginning on or after 30 March 2009
VII) IFRIC 15 Agreements for the Construction of Real Estate	Effective for annual periods beginning on or after 1 January 2010
VIII) IFRIC 16 Hedges of a Net Investment in a Foreign Operation	Effective for annual periods beginning on or after 1 July 2009
IX) IFRIC 17 Distributions of Non-cash Assets to Owners	Effective for annual periods beginning on or after 1 November 2009
X) IFRIC 18 Transfers of Assets from Customers	Effective for transfer of assets from customers received on or after 1 November 2009

Standards and Interpretations issued by IASB but not yet adopted by the EU

At present, International Financial Reporting Standards (IFRS) as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except from the following standards, amendments to the existing standards and interpretations, which were not endorsed for use as at 31 December 2009.

I) IFRS 9 Financial Instruments	Effective for annual periods beginning on or after 1 January 2013
II) Amendments to IAS 24 Related Party Disclosures	Effective for annual periods beginning on or after 1 January 2011
III) Amendments to IFRS 1 First-time Adoption of IFRS	Effective for annual periods beginning on or after 1 January 2010
IV) Amendments to IFRS 1 First-time Adoption of IFRS — Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	Effective for annual periods beginning on or after 1 July 2010
V) Amendments to IFRS 2 Share-based Payment — Group cash-settled share-based payment transactions	Effective for annual periods beginning on or after 1 January 2010
VI) Amendments to IFRIC 14 IAS 19 — The Limit on a defined benefit Asset, Minimum Funding Requirements and their Interaction	Effective for annual periods beginning on or after 1 January 2011
VII) IFRIC 19 Extinguishing Liabilities with Equity Instruments	Effective for annual periods beginning on or after 1 July 2010
VIII) Amendments to various standards and interpretations resulting from the Annual quality improvement project of IFRS published on 16 April 2009 (IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9, IFRIC 16) primarily with a view to removing inconsistencies and clarifying wording	Most amendments are to be applied for annual periods beginning on or after 1 January 2010

III) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU").

The consolidated financial statements have been prepared on the historical cost basis of accounting, except for certain financial instruments, which are valued at fair value. They are stated in millions of Hungarian forints (HUF m). The members of the Group maintain accounting, financial and other records in accordance with relevant local laws and accounting requirements. In order to present financial statements which comply with IFRS, appropriate adjustments have been made by the members of the Group to the local statutory accounts.

These financial statements present the consolidated financial position of the Group, the result of its activity and cash flows, as well as the changes in shareholder's equity. The Group's significant subsidiaries are shown in Note 13., 14.

From 2002 Richter Group has published consolidated financial statements in accordance with International Financial Reporting Standards. The parent company previously prepared non consolidated IFRS reports.
According to the IFRS each subsidiary, joint venture and associated company has been included in the consolidation from 2005.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

I) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and enterprises directly or indirectly controlled by the Parent Company (its subsidiaries), the jointly controlled (joint ventures) and those companies where the Parent Company has significant influence (associated companies). Control of an enterprise is achieved where the Parent Company has the power to govern financial and operating policies so as to obtain benefits from its activities.

On acquisition, the assets and liabilities of a subsidiary are included in the consolidated financial statements at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of assets and liabilities recognised.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant inter-company transactions and balances between group enterprises are eliminated in consolidation.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the non-controlling interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

II) Investments in joint ventures and associated companies

A joint venture is a contractual arrangement whereby the Group and the parties undertake an economic activity that is subject to joint control.

Joint venture arrangements involving the establishment of a separate entity with controlling powers for each shareholder are referred to as jointly controlled entities. The Group reports its participation in jointly controlled entities using proportionate consolidation – the Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

An associated company is an enterprise of the Group on which the Parent Company is able to exercise directly or indirectly significant influence due to its influence in the financial and operating activity of the company.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. The carrying amount of such investments is reduced to recognise any impairment in the value of individual investments.

III) Foreign currency transaction

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Hungarian Forints million (HUF m), which is the functional currency of the Parent Company and the presentation currency for the consolidated financial statements.
On consolidation, the assets and liabilities of the Group's foreign operations are translated at the exchange rate of MKB Bank Ltd. closing mid-rates prevailing on the balance sheet date except for share capital, which is translated at historic value. Income and expense items are translated at the annual average exchange rates for the period. Exchange differences arising, if any, are classified in the equity at the Group's Translation reserve. Such translation differences are recognised as income or as expenses in the period in which the Group disposes of an operation.

Fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate on balance sheet date.

IV) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.
Revenue on sales transactions is recognised upon fulfilment the terms of sales contracts.

A) SALE OF GOODS

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

B) ROYALTIES

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Revenue is shown excluding value added taxes. All other income earned and expenditure incurred is allocated to the appropriate period by applying the accrual basis.

V) Property, plant and equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.

Property, plant and equipment are stated at historical cost less accumulated depreciation, depletion and accumulated impairment loss.

Depreciation is charged so as to write the cost of assets off from balance sheet on a straight-line basis over their estimated useful lives. The Group uses the following depreciation rates:

Name	Depreciation
Land	0
Buildings, investment property	1-4.5%
Plant and equipments	5-33.33%
Vehicles	10-20%
Office equipments	8-33.33%

Depreciation is calculated monthly, and recognised as cost of sales, sales and marketing expenses or administration and general expenses, depending on the scope of business, in the Consolidated Income Statement.

Assets in the course of construction are not depreciated. The cost of maintenance, repairing are not capitalised.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

Initial cost of construction in progress shall contain all cost elements that are directly attributable to its production or installation during the reporting period.

The residual value of an intangible asset shall be assumed to be zero unless there is a high likelihood to estimate the asset's residual value.

VI) Goodwill

Goodwill arising on consolidation represents the excess of the cost of combination over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, or jointly controlled entity at the date of acquisition. Goodwill is recognised separately in the consolidated balance sheet and is not amortised but is reviewed for impairment in line with IAS 36. In each reporting period the Parent Company reviews its goodwill for possible impairment. For impairment testing goodwill is allocated to Group's cash generating units. The Discounted Cash Flow method is used for recoverable amount estimation.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. On disposal of a subsidiary, or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Negative goodwill arises in cases the fair value of net assets (difference of assets, liabilities and contingent liabilities) is above acquisition costs. It is accounted for as income at the date of recognition.

VII) Intangible assets

Expenditures on trademarks, licences, patents and software are capitalised and amortised if it is likely that the expected future benefits that are attributable to such an asset will flow to the entity, and costs of these assets can be reliably measured. The Group is using the straight line method over their estimated useful lives as follows:

Name	Amortization
Property rights (connected with properties)	5%
Other rights (licences)	20-50%
Intellectual property, software	20-50%

Amortization is recognised as cost of sales in the Consolidated Income Statement.

The Group has decided not to capitalize Research and Development expenses, so no internally-generated intangible asset presented in the balance sheet.

VIII) Investment property

Investment properties, which is property held to earn rentals are measured initially as its cost model according to the Accounting Policy of Richter Group.
The entity assesses at the end of each reporting period whether there is any indication that the investment property may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset using Discounted Cash Flow model.

IX) Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the members of the Group review the carrying amount of tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indications exist, the recoverable amount of the asset is estimated in order to determine the amount of such an impairment loss. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

The Group shall assess at each balance sheet date whether there is any indication that an impairment loss recognized in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset, and the carrying value of the asset shall be increased to this value. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss for an asset shall be recognized immediately in profit or loss.

X) Research and development

Research and development expenditures are included in the income statement in the year in which they are incurred.

XI) Other financial assets

Investments comprise investments in other companies and long term bonds.
Unconsolidated investments are those investments where the Parent Company does not hold controlling powers or does not have an ability to exercise significant influence.

XII) Loans receivable

Loans receivables include loans given to employees at fair value, with the discounted value of receivables at balance sheet date.

XIII) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out (FIFO) method. Net costs of own produced inventories include the direct cost of raw materials, the actual cost of direct production labour, the related maintenance and depreciation of production machinery and related overhead costs.

XIV) Trade receivables

Trade receivables are stated at cost as reduced by appropriate impairment for estimated losses. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the balance sheet date.

XV) Trade payables

Trade payables are stated at their amortised cost.

XVI) Derivative financial instruments

Derivative financial instruments are assessed at fair value that exist at reporting dates.
Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised as they arise in the income statement.

XVII) Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash-flow statement, comprise: cash in hand, bank deposits, and investments in money market instruments with a maturity date within three months accounted from the date of acquisition, net of bank overdrafts.

XVIII) Provisions

Provisions are recognised when the Group has a current legal or constructive obligation arising as a result of past events, and when it is likely that an outflow of resources translated into economic benefits would be required to settle such an obligation, and if a reliable estimate for such amounts can be made.

PROVISION FOR ENVIRONMENTAL EXPENDITURES

The Group is exposed to environmental liabilities relating to its past operations and purchases of property, mainly in respect of soil and groundwater remediation costs. Provisions for these costs are made when the commencement of remedial work is ruled by a legally binding decision and when expenditure on such remedial work is likely and its costs can be estimated within a reasonable range.

PROVISION FOR RETIREMENT BENEFITS

The Group operates long term defined employee benefit programs. In line with IAS 19, for defined retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period.

The estimated amount of the benefit is calculated accounted in equal amounts each period until maturity date (straight line method), and valued at present value by using actuarial discount rate.

XIX) Income taxes

The taxation charge is based on the tax payable under the appropriate fiscal law, adjusted for deferred taxation.

Deferred income tax is provided, using the liability method, in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Tax rates currently in force are used to determine the amount of deferred income tax. Deferred tax assets are recognised only to the extent that it is anticipated that they can be utilised against available future taxable profits.

XX) Segment information

The Group has adopted IFRS 8 Operating Segments with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach. As a result, following the adoption of IFRS 8, the identification of the Group's reportable segments has changed.

The Group is currently organised into three main segments for management purposes:

- Pharmaceuticals
- Wholesale and retail and
- Other.

These are the bases on which the Group reports its primary segment information.

Geographical segments being determined as secondary segments are as follows:

1. Hungary
2. CIS
3. EU
4. USA
5. Other countries.

XXII) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.
All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

XXIII) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

XXIII) Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL. Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

Gains and losses arising from changes in fair value of available-for-sale financial assets are recognised directly in equity in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

XXIV) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

XXV) Equity-settled employee benefits reserve

The Group is granting treasury shares to certain employees in its employee share bonus programs. Details of these bonus programs is set out in Note 26. These bonus programs are accounted for as equity-settled share-based payments. Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2 management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are the following:

3.1 Key sources of estimation uncertainty

IMPAIRMENT OF GOODWILL

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

ALLOWANCE FOR BAD AND DOUBTFUL ACCOUNTS RECEIVABLE

The Group calculates an allowance for bad and doubtful accounts receivable to cover the incurred losses resulting from the inability of its customers to make required payments. Allowance for bad and doubtful accounts receivable recognized in the consolidated balance sheet amounted to HUF 2,388 million and HUF 1,147 million at 31 December 2009 and 2008, respectively. The estimates used in evaluating the adequacy of the allowance for bad and doubtful accounts receivable are based on the aging of the accounts receivable balances, customer credit-worthiness and changes in customer payment terms.

PROVISION

The provision calculated for retirement benefits in line with IAS 19 contains actuarial assessments. The determinations of assessments are described in Note 30.

DEPRECIATION

Property, plant and equipment and intangible assets are recorded at cost and are depreciated or amortised on a straight-line basis over their estimated useful lives. The Group recorded depreciation and amortisation expense in the amount of HUF 19,715 million and HUF 20,583 million for the years ended 31 December 2009 and 2008, respectively. The determination of the useful lives of assets is based on historical experience with similar assets as well as any anticipated technology evolution and changes in broad economic or industry factors. The appropriateness of the estimated useful lives is reviewed annually.

4. SEGMENT INFORMATION

I) Business segments

	Pharmaceuticals		Wholesale and retail		Other		Eliminations		Total	
	HUF m	HUF m	HUF m	HUF m	HUF m	HUF m	HUF m	HUF m	HUF m	HUF m
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
3rd party revenues	197,833	174,802	43,223	38,557	26,288	23,159	-	-	267,344	236,518
Inter segment sales	25,551	20,829	180	2	11,744	5,685	(37,475)	(26,516)	-	-
Total sales	**223,384**	**195,631**	**43,403**	**38,559**	**38,032**	**28,844**	**(37,475)**	**(26,516)**	**267,344**	**236,518**
Profit from operations	55,259	36,175	(5,126)	(2,475)	236	1,009	(918)	(553)	49,451	34,156
Total assets	467,516	411,070	42,551	43,351	16,399	14,555	(96,496)	(84,843)	429,970	384,133
Liabilities	26,775	22,115	47,157	44,772	7,272	7,203	(29,989)	(29,243)	51,215	44,847
Capital expenditure	22,938	18,921	690	2,765	589	324	(6)	-	24,211	22,010
Depreciation	18,699	19,632	511	489	505	462	-	-	19,715	20,583
Income from associates	-	-	52	903	-	-	-	-	52	903
Investments in associates	-	-	6,236	6,533	-	-	-	-	6,236	6,533

The activities of the Group are presented in accordance with IFRS 8 from 1 January 2009 and identified on the basis of internal reports are reviewed by the Parent Company's chief decision makers.

In line with that Richter Group is active in three business segment: pharmaceuticals (pharma research and development, manufacturing and marketing activities), pharma wholesale and retail and other segment (all of the activities that not belong to any of the above segments). This last segment consists of service provider and commercial and marketing companies.

II) Geographical segments

2009	Hungary	CIS	EU	USA	Other countries	Total
	HUF m	HUF m	HUF m	HUF m	HUF m	HUF m
Total sales	31,641	84,768	101,543	35,748	13,644	267,344
Total assets	326,379	17,883	65,149	3,606	16,953	429,970
Capital expenditure	21,252	1,117	1,389	2	451	24,211
2008	**Hungary**	**CIS**	**EU ***	**USA**	**Other countries***	**Total**
	HUF m	HUF m	HUF m	HUF m	HUF m	HUF m
Total sales	30,568	73,577	97,701	22,430	12,242	236,518
Total assets	279,575	18,166	66,357	3,458	16,577	384,133
Capital expenditure	16,783	1,518	3,077	2	630	22,010

* Figures of 2008 were reclassified.

5. PROFIT FROM OPERATIONS – COMPARATIVE STATEMENT

	2009	2008
	HUF m	HUF m
Total sales	267,344	236,518
Sales	*267,051*	*236,101*
Royalty and other similar income	*293*	*417*
Changes in inventories of finished goods and work in progress, cost of goods sold	(38,340)	(34,964)
Material type expenses	(91,200)	(83,741)
Personnel expenses	(61,738)	(55,421)
Depreciation and amortisation	(19,715)	(20,583)
Other income and expenses	(6,900)	(7,653)
Profit from operations	**49,451**	**34,156**

6. EMPLOYEE INFORMATION

	2009	2008
Average number of people employed during the year	10,394	10,382

Decreasing headcount at the manufacturing subsidiaries of the Group was partly offset by the inclusion of new companies resulting in an increase of 444 employees on a yearly average at Group level.

7. NET FINANCIAL INCOME

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

	2009	2008
	HUF m	HUF m
Net interest income	4,273	3,152
Dividend income	175	78
Realised gains on forward exchange contracts	1,745	232
Reversal of assessment of forward exchange contracts as of 1 January	(1,239)	-
Unrealised (losses)/gains from the fair value of forward exchange contracts	(108)	1,239
Impairment gains of equity investments	752	469
Exchange (losses)/gains realised on trade receivables and trade payables	(414)	1,562
Losses on foreign currency loans receivable	(38)	(57)
Unrealised exchange gains on trade receivables and trade payables	229	202
Other financial items	(996)	1,517
Total	**4,379**	**8,394**

Unrealised financial income/(expense) was heavily influenced by the 187.72 US$/HUF and 270.5 EUR/HUF exchange rates in effect on 31 December 2009 which impacted the reassessment of currency related balance sheet items. These reassessments together resulted a decrease of HUF 0.5 billion in the net financial income for 2009 while the same items increased the net financial income by HUF 1.6 billion in 2008.

Forward transactions are only undertaken by the parent company. In 2009 and in January 2010 the Company concluded EUR/US$ forward exchange contracts to manage its exposure to exchange rate volatility for the period until 31 December 2010. The forward contracts will cover half of the expected net US$ income.
Exchange rate movements are closely monitored by the Company and the conclusion of further forward contracts will be subject to Management's review and approval.

8. INCOME TAX EXPENSE

From 1 January 2004, as a result of its capital expenditure program and an increase in the number of employees, the Parent Company benefits from a 100 percent tax holiday, likely to last until 2011.

Pursuant to Section 21 (11) of Hungarian CIT taxpayers may claim the entire amount of tax as an investment tax relief for manufacturing projects with a value of at least HUF 10 billion that are started up after 31 December 1996 for a period of 10 years following start-up, last with respect to the tax base of 2011. There are two criteria for eligibility for the tax relief:

- the value of assets purchased under the manufacturing projects may not drop below HUF 10 billion in the years of tax relief,
- Pursuant to Subsection 21 (12) of CIT, the tax relief set forth in Subsection (11), even if the conditions defined therein are satisfied, may be taken advantage in the second tax year following the commissioning of the investment project and in subsequent tax years only in those tax years during which the annual average number of staff employed by the taxpayer exceeds by at least 500 persons the average number of staff employed in the tax year preceding commencement of the investment project.

Construction value remaining above HUF 10 billion

	HUF m
on 31 December 2003	13,644
Value of de-capitalised assets taken into account for tax relief purposes before write-off in 2004-2009	(379)
Depreciation charged as direct cost to assets transitionally not involved in production in 2004-2009	(128)
CAPEX value qualifying for tax relief on 31 December 2009	13,137

Excess headcount obligation

Actual figures	1999	2005	2006	2007	2008	2009
Average headcount of employees	4,579	5,801	5,923	6,181	6,228	5,994
Additional headcount	-	1,222	1,344	1,602	1,649	1,415

In accordance with an act for a "solidarity tax" which targets the correction of the budget balance and which was passed by Parliament and promulgated in July 2006, the Parent Company is also obliged to pay a 4 % solidarity tax on its profit before taxation. The regulation was changed during the fourth quarter 2006 with direct costs of R&D being deducted from the calculation base so as to promote innovation. There was HUF 1,897 million extraordinary tax payment obligation of the Group in 2009. (This item was HUF 1,378 million in 2008).
The Law on Extraordinary tax (Solidarity tax) came into force 2006 was repealed as from January 1, 2010 by the g) point of paragraph 189 of Law LXXVII (2009).

Current corporate tax rates at the Parent Company and at the three principal subsidiaries are as follows:

Parent Company *	16%
Romania	16%
Russia	20%
Poland	19%

* The effective corporate tax rate in Hungary is 19% from 1 January 2010.

	2009	2008
	HUF m	HUF m
Domestic	(17)	(39)
Foreign	(606)	(566)
Solidarity tax	(1,897)	(1,378)
Current tax	**(2,520)**	**(1,983)**
Deferred tax (18)	(409)	107
Income tax	**(2,929)**	**(1,876)**

The average effective tax rate calculated on the basis of the current tax is 4.7% and 5.4% calculated with deferred asset, in 2008 these rates were 4.6% and 4.3%.

9. CONSOLIDATED EARNINGS PER SHARE

Basic earnings per share is calculated by reference to the net profit attributable to shareholders and the weighted average number of ordinary shares in issue during the year. These exclude the average number of ordinary shares purchased by the Company and held as Treasury shares.

EPS (basic)

	2009	2008
Net consolidated profit attributable to shareholders (HUF m)	50,986	41,410
Weighted average number of ordinary shares in issue (thousands)	18,609	18,591
Basic earnings per share (HUF)	**2,740**	**2,227**

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. Dilutive potential ordinary shares are the ordinary shares of Richter Gedeon Plc. which are intended by the Parent Company to be granted to Management and to Employees as part of its remuneration policy.

EPS (diluted)

	2009	2008
Net consolidated profit attributable to shareholders (HUF m)	50,986	41,410
Weighted average number of total shares outstanding (thousands)	18,637	18,637
Diluted earnings per share (HUF)	**2,736**	**2,222**

10. FINANCIAL INSTRUMENTS

Financial instruments in the balance sheet include loans receivable, investments, trade receivables, other current assets, cash and cash equivalents, short-term and long-term borrowings, trade and other payables.

	Notes	Book value		Fair value	
		31 December 2009	31 December 2008	31 December 2009	31 December 2008
		HUF m	HUF m	HUF m	HUF m
Financial assets					
Available for sale investments carried at fair value					
Investments	16	3,416	3,401	3,416	3,401
Investments in securities*	24	21,223	18,751	21,716	18,862
Held to maturity investments carried at amortised cost					
Investments	16	5,578	177	5,578	177
Loans and receivables carried at amortised cost					
Loans receivable	19, 23	2,595	2,117	2,595	2,117
Trade receivables	22	79,414	68,671	79,414	68,671
Other current assets	23	7,812	7,410	7,812	7,410
Financial assets carried at fair value through profit or loss					
Foreign exchange forward contracts	23	89	1,239	89	1,239
Current		**109,556**	**96,621**	**110,049**	**96,732**
Non-current		**10,571**	**5,145**	**10,571**	**5,145**
Cash and cash equivalents	25	93,294	57,452	93,294	57,456
Financial liabilities					
Borrowings	31	6,089	5,123	6,089	5,123
Trade payables	28	31,345	27,864	31,345	27,864
Other payables and accruals	29	10,878	8,293	10,878	8,293
Current		**47,610**	**41,210**	**47,610**	**41,210**
Non-current		**702**	**70**	**702**	**70**

* The fair valuation of securities was based on bank data supply.

Risk management

The Parent Company has a number of investments in companies located in volatile economies. The risk associated with the valuation of these investments by reference to weakening currencies is somewhat mitigated on the basis that the underlying non-monetary assets may maintain their market value. The value of these investments represented by underlying monetary assets is fully exposed to the significant risk of currency devaluation.

I.) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2008.

The capital structure of the Group consists of net debt (borrowings as detailed in notes 31 and 25 offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests).

The Group is not subject to any externally imposed capital requirements.

GEARING

The gearing at end of the reporting period was as follows:

	31 December 2009	31 December 2008
	HUF m	HUF m
Borrowings	6,907	6,152
Cash and cash equivalents	93,294	57,456
Capital and reserves	378,136	339,286

II.) Foreign currency risk management

Foreign exchange sensitivity of actual costs:

The Group does business in a number of regions, and countries of different currencies. The most typical transaction currencies are the EUR and US$. The calculation of exposure to foreign currencies is based on these two currencies.

The foreign currency risk management calculation is based on the items exposed to exchanges of foreign currencies of the Parent Company and the three principal subsidiaries (GR Polska, GR Romania, GR RUS). The items of the other consolidated companies are held as non exposed to foreign currency fluctuation. The effect of the risk arising from currency fluctuation is measured by different change in the exchange rates.

Exchange rates				Effect on operating profit
	EUR/HUF	US$/HUF	EUR/US$	HUF m
103.3%	290.0			
		190.0	1.53	(292)
		201.2	1.44	2,077
		210.0	1.38	3,938
100.0%	280.7			
		190.0	1.48	(2,369)
		201.2	1.40	0
		210.0	1.34	1,861
96.2%	270.0			
		190.0	1.42	(4,758)
		201.2	1.34	(2,389)
		210.0	1.29	(528)

Based on the currency rate sensitivity analysis of 2009 the combination of weak Hungarian Forint (with rate of 290 EUR/HUF) and strong US$ (with rate of 1.38 EUR/US$) would have caused the largest growth (in the amount of HUF 3,938 million) on the Group's consolidated profit. The greatest decrease (HUF 4,758 million) would have been caused by the combination of exchange rates of 270 EUR/HUF and 190 US$/HUF.

CURRENCY SENSITIVITY OF BALANCE SHEET ITEMS

Currency sensitivity analysis of balance sheet items is applied to 3rd parties trade payables, trade receivables and bank accounts in foreign currency, considering that items of related parties are eliminated during consolidation. The calculation is based on the items of the Parent Company and the three principal subsidiaries (GR Polska, GR Romania, GR RUS). The effect of the risk arising from currency fluctuation is measured by different change in the exchange rates.

Exchange rates				Effect on operating profit
	EUR/HUF	US$/HUF	EUR/US$	HUF m
103.3%	279.4			
		193.9	1.44	2,635
		187.7	1.49	1,815
		180.6	1.55	876
100.0%	270.5			
		193.9	1.40	820
		187.7	1.44	0
		180.6	1.50	(939)
96.2%	260.2			
		193.9	1.34	(1,280)
		187.7	1.39	(2,101)
		180.6	1.44	(3,040)

The worst case scenario is when both EUR and US$ would weaken against HUF. In this case the consolidated financial result would decrease by HUF 3,040 million.

III.) Credit risk management

The Parent Company does business with key customers in many countries. These customers are major import distributors in their countries and management of the Parent Company maintains close contact with them on an ongoing basis. Provisions for doubtful receivables are estimated by the Parent Company's management based on prior experience and current economic environment.

Regions	Trade receivables secured by	Type of security		
	31 December 2009	Credit insurance	Bank guarantee	L/C
	HUF m	HUF m	HUF m	HUF m
CIS	21,904	21,829	-	75
EU	564	-	564	-
USA	-	-	-	-
Other	485	104	28	353
Total	**22,953**	**21,933**	**592**	**428**

Credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international rating agencies.

The Parent Company has no significant concentration of credit risk, with its exposure spread over a large number of counterparties and customers.

IV.) Liquidity risk

The Group's liquidity risk is not significant.

11. PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS

	Land and buildings	Plant and equipment	Construction in progress*	Total	Intangible assets*
	HUF m	HUF m	HUF m	HUF m	HUF m
GROSS VALUE					
at 31 December 2007	**95,838**	**154,269**	**8,713**	**258,820**	**13,112**
Translation differences	(2,874)	(4,661)	(397)	**(7,932)**	(392)
Effect of newly consolidated companies	2,269	504	38	**2,811**	78
Capitalization	7,156	11,202	(18,358)	**-**	2,002
Transfers and capital expenditure	3	88	18,886	**18,977**	2,243
Disposals and other conversions	(757)	(3,259)	(268)	**(4,284)**	(619)
Non-current assets classified as held for sale	(1,417)	(875)	(2)	**(2,294)**	(235)
at 31 December 2008	**100,218**	**157,268**	**8,612**	**266,098**	**16,189**
ACCUMULATED DEPRECIATION					
at 31 December 2007	**17,935**	**96,022**	**-**	**113,957**	**5,365**
Translation differences	(1,672)	(4,122)	-	**(5,794)**	(47)
Effect of newly consolidated companies	514	315	-	**829**	68
Current year depreciation	2,769	16,651	-	**19,420**	1,150
Net foreign currency exchange differences	(57)	(176)	-	**(233)**	(14)
Disposals, conversion	(205)	(2,837)	-	**(3,042)**	(21)
Non-current assets classified as held for sale	(361)	(613)	-	**(974)**	(133)
at 31 December 2008	**18,923**	**105,240**	**-**	**124,163**	**6,368**
NET BOOK VALUE					
at 31 December 2007	**77,903**	**58,247**	**8,713**	**144,863**	**7,747**
at 31 December 2008	**81,295**	**52,028**	**8,612**	**141,935**	**9,821**
GROSS VALUE					
at 31 December 2008	**100,218**	**157,268**	**8,612**	**266,098**	**16,189**
Translation differences	37	167	(9)	**195**	(109)
Effect of newly consolidated companies	85	640	50	**775**	2
Capitalization	4,382	11,677	(16,059)	**-**	4,575
Transfers and capital expenditure	342	44	20,501	**20,887**	270
Disposals and other conversions	(920)	(4,393)	(780)	**(6,093)**	(679)
at 31 December 2009	**104,144**	**165,403**	**12,315**	**281,862**	**20,248**
ACCUMULATED DEPRECIATION					
at 31 December 2008	**18,923**	**105,240**	**-**	**124,163**	**6,368**
Translation differences	23	71	-	**94**	2
Effect of newly consolidated companies	14	45	-	**59**	0
Current year depreciation	2,551	16,130	-	**18,681**	1,020
Net foreign currency exchange differences	(20)	(63)	-	**(83)**	(4)
Impairment	-	-	-	**-**	1,697
Disposals, conversion	(186)	(3,229)	-	**(3,415)**	(157)
at 31 December 2009	**21,305**	**118,194**	**-**	**139,499**	**8,926**
NET BOOK VALUE					
at 31 December 2008	**81,295**	**52,028**	**8,612**	**141,935**	**9,821**
at 31 December 2009	**82,839**	**47,209**	**12,315**	**142,363**	**11,322**

*Figures of 2008 were reclassified to be comparable with figures of 2009.

All items of property, plant and equipment are free from liens and charges. The amount of Land and buildings does not contain the value of Investment property. None of the intangible assets is internally generated.

Impairment test – as it is described in Note 20, Goodwill - was performed on the value of Intangible assets and as a consequence to that we had to account for HUF 1,697 million impairment loss related to the Romanian retail companies.

12. INVESTMENT PROPERTY

A real estate property, located in Budapest is accounted for as investment property owned by Medimpex Irodaház Kft. This company is a joint venture with EGIS Plc. in 50-50%.
The investment properties are valued with cost model according to the Group Accounting Policy.

Book value of investment property:

	Investment property
	HUF m
GROSS VALUE	
at 31 December 2008	**894**
Capitalization	17
at 31 December 2009	**911**
ACCUMULATED DEPRECIATION	
at 31 December 2008	**128**
Current year depreciation	14
at 31 December 2009	**142**
NET BOOK VALUE	
at 31 December 2008	**766**
at 31 December 2009	**769**

The Discounted Cash Flow method is used for calculation of investment property's fair value.
A fair valuation of the investment property was carried out by the Company's professionals using discounted cash flow method. The timeframe of the calculation was ten years, the discount rate as at 31 December 2009 and 2008 was 7.08 % and 6.58 %, respectively. As a result of the calculations the proportional share of the fair value of the building amounted to HUF 850 million as at 31 December 2009 and HUF 1,012 million as at 31 December 2008. The decrease in the fair value reflects the changes in the investment market.

Incomes from renting and operating expenses of real estate are the followings:

	2009	2008
	HUF m	HUF m
Income from renting real estate	176	167
Operating expenses	46	44
Net balance	**130**	**123**

13. CONSOLIDATED COMPANIES

Details of the Group's subsidiaries at 31 December 2009 are as follows:

Name	Place of incorporation (or registration) and operation	Proportion of ownership %	Proportion of voting rights held %	Principal activity
ZAO Gedeon Richter - RUS	Russia	100.00	100.00	Pharmaceutical manufacturing
Gedeon Richter Romania S.A.	Romania	99.55	99.55	Pharmaceutical manufacturing
Gedeon Richter Polska Sp. z.o.o. *	Poland	99.86	99.86	Pharmaceutical manufacturing
Richter Themis Ltd.	India	51.00	51.00	Pharmaceutical manufacturing
Gedeon Richter Pharma GmbH	Germany	100.00	100.00	Pharmaceutical trading
Gedeon Richter USA Inc.	USA	100.00	100.00	Pharmaceutical trading
Medimpex France S.A.R.L.	France	99.99	99.99	Pharmaceutical trading
RG Befektetéskezelő Kft.	Hungary	100.00	100.00	Financial-accounting and controlling activities
Gedeon Richter UA V.A.T.	Ukraine	98.16	98.16	Pharmaceutical manufacturing
Gedeon Richter UK Ltd.	UK	100.00	100.00	Pharmaceutical trading
Gedeon Richter Iberica S.A.	Spain	100.00	100.00	Pharmaceutical trading
Medimpex Hong Kong Ltd.	Hong-Kong	100.00	100.00	Pharmaceutical trading
Nedermed B.V.	The Netherlands	100.00	100.00	Pharmaceutical trading
Medimpex Japan Co. Ltd.	Japan	90.90	90.90	Pharmaceutical trading
Medimpex Jamaica Ltd.	Jamaica	60.00	60.00	Pharmaceutical trading
Medimpex West Indies Ltd.	Jamaica	60.00	60.00	Pharmaceutical trading
Humanco Kft.	Hungary	100.00	100.00	Social, welfare services
Pesti Sas Holding Kft.	Hungary	100.00	100.00	Portfolio management
Richter Szolgáltató Kft.	Hungary	100.00	100.00	Catering services
Reflex Kft.	Hungary	100.00	100.00	Transportation, carriage
Cito-Trans Kft.	Hungary	100.00	100.00	Car rental
Chemitechnik Pharma Kft.	Hungary	66.67	66.67	Engineering services
GYEL Kft.	Hungary	66.00	66.00	Quality control services
Armedica Trading S.R.L.	Romania	99.55	99.55	Asset management
Dita Import Export S.R.L.	Romania	99.55	99.55	Pharmaceutical wholesale
Gedeon Richter Farmacia S.A.	Romania	99.41	99.41	Pharmaceutical retail
Magnolia S.R.L.	Romania	99.42	99.42	Pharmaceutical retail
Pharma Plus S.R.L	Romania	94.44	94.44	Pharmaceutical retail
Gedeon Richter France S.A.R.L.	France	99.66	99.66	Pharmaceutical retail
Gedeon Richter-Retea Farmaceutica S.R.L.	Moldavia	51.00	51.00	Pharmaceutical retail
Richter-Helm BioLogic Co. & KG.	Germany	70.00	70.00	Biotechnological manufacturing and research
Richter-Helm BioLogic Management GmbH	Germany	70.00	70.00	Asset management
Medimpex UK. Ltd.	UK	100.00	100.00	Pharmaceutical trading
Farnham Laboratories Ltd.	UK	100.00	100.00	Pharmaceutical trading
Gedeon Richter Aptyeka sp.O.O.O	Armenia	51.00	51.00	Pharmaceutical retail
Pharmafarm S.A.	Romania	99.55	99.55	Pharmaceutical wholesale
Pharmanet S.R.L.	Romania	99.41	99.41	Pharmaceutical retail
Gedeon Richter Ukrfarm O.O.O.	Ukraine	100.00	100.00	Pharmaceutical retail

* Former GZF Polfa Sp. z o.o.

Subsidiaries newly included in the consolidation					
Name	Date of establish-ment	Place of incorporation (or registration) and operation	Proportion of ownership %	Proportion of voting rights held %	Principal activity
Gedeon Richter Marketing Polska Sp.z o.o	02. 2009	Poland	99.97	99.97	Marketing services
Gedeon Richter Italia S.R.L.	12. 2009	Italy	100.00	100.00	Pharmaceutical retail

14. JOINT VENTURES

The Group had the following interests in joint ventures:

Name	Place of incorporation (or registration) and operation	Proportion of ownership %	Proportion of voting rights held %	Principal activity
Medimpex Irodaház Kft.	Hungary	50.00	50.00	Renting real estate
Pesti Sas Patika Bt.	Hungary	74.00	50.00	Pharmaceutical retail
Westpharma S.R.L.	Romania	49.78	49.78	Informatics services
Richter-Helm BioTec Management GmbH	Germany	50.00	50.00	Assets management
Richter-Helm BioTec Co. & KG	Germany	50.00	50.00	Trading of biotech products

The following amounts are included in the Group's financial statements as a result of the proportional consolidation of the above joint ventures.

	31 December 2009	31 December 2008
	HUF m	HUF m
Current assets	404	894
Non-current assets	11	429
Short-term liabilities	194	536
Long-term liabilities	584	-
Sales	758	1,982
Cost of sales	1,379	1,718

In 2008 the balance sheet and income statement items include the figures of Medimpex UK Ltd. which was fully consolidated in 2009.

15. INVESTMENTS IN ASSOCIATED COMPANIES

At 31 December 2009 the following associated companies have been accounted for by the equity method:

Name	Place of incorporation (or registration) and operation	Proportion of ownership %	Proportion of voting rights held %	Principal activity
Hungaropharma Zrt.	Hungary	30.84	30.84	Pharmaceutical wholesale
Salvia-Med Bt.	Hungary	13.04	20.00	Pharmaceutical retail
Szondi Bt.	Hungary	33.00	33.00	Pharmaceutical retail
Gyulai Fodormenta Bt.	Hungary	20.00	20.00	Pharmaceutical retail
Top Medicina Bt.	Hungary	20.00	20.00	Pharmaceutical retail
Medservice Richter O.O.O.	Kazakhstan	49.00	49.00	Pharmaceutical trading
Pharmarichter O.O.O.	Russia	49.00	49.00	Pharmaceutical sales promotion
Richpangalpharma O.O.O.	Moldavia	49.00	49.00	Pharmaceutical trading
Richter-Lambron O.O.O.	Armenia	49.00	49.00	Pharmaceutical trading
Vita-Richter O.O.O.	Azerbaijan	49.00	49.00	Pharmaceutical trading
Farmacia nr. 41. din Telenesti S.R.L.	Moldavia	44.41	44.41	Pharmaceutical retail
Pharmapolis Kft.	Hungary	24.00	24.00	Building project management
Cerorin Kft.	Hungary	24.00	24.00	Biotechnological research, development
Pharmatom Kft.	Hungary	24.00	24.00	Biotechnological research, development
BioDiagnostica Kft.	Hungary	23.00	23.00	Biotechnological research, development

	31 December 2009	31 December 2008
	HUF m	HUF m
Investments in associates	6,236	6,533

16. OTHER FINANCIAL ASSETS

	31 December 2009	31 December 2008
	HUF m	HUF m
Financial assets carried at fair value through profit or loss	-	-
Held to maturity investments carried at amortised cost	5,578	177
Available-for-sale investments carried at fair value	3,416	3,401
Total	**8,994**	**3,578**

Other investments are not consolidated available for sale investments.

The Hungarian State Holding Company ("MNV") has advised Chemical Works of Gedeon Richter Plc. ("Gedeon Richter") on that the closing of bonds issued by MNV in the amount of EUR 833.3 million due 2014 (the "Exchangeable Bonds") exchangeable into common shares of Gedeon Richter. In September 2009 bonds exchangeable into common shares worth of EUR 20 million were successfully subscribed by Gedeon Richter. Since that the amount of held to maturity investments increased in 2009.

17. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

The assets and liabilities of Biowet Drwalew S.A. are recognised as non-current assets classified as held for sale and liabilities directly associated with non-current assets classified as held for sale, in 2008. There were no such figures at the balance sheet date.

	31 December 2009	31 December 2008
	HUF m	HUF m
Intangible assets	-	103
Property, plant and equipment	-	1,319
Investments	-	13
Inventories	-	449
Trade receivables and other current assets	-	184
Cash and cash equivalents	-	21
Assets of construction business classified as held for sale	**-**	**2,089**
Trade payables	-	164
Other payables and accruals	-	680
Deferred tax liabilities	-	8
Liabilities of construction business associated with assets classified as held for sale	**-**	**852**
Net assets of construction business classified as held for sale	**-**	**1,237**

18. INCOME TAX AND DEFERRED TAX

Current tax assets and liabilities

	31 December 2009	31 December 2008
	HUF m	HUF m
Current tax assets	-	-
Current tax liabilities	167	485

Deferred tax is calculated by the liability method based on the temporary differences. Due to the Parent Company's 100 percent tax relief applied, deferred tax recognised as of 31 December 2009 only includes the deferred tax (at 16 %) calculated for the temporary differences that are expected to continue following the expiry of the tax relief. Deferred tax assets and liabilities and the deferred tax (charge)/credit in the income statement are included to the following items:

	31 December 2009	31 December 2008
	HUF m	HUF m
Analysis for financial reporting purposes		
Deferred tax assets	671	1,048
Deferred tax liabilities	(818)	(817)
Net position at 31 December	**(147)**	**231**

The Law on Extraordinary tax (Solidarity tax) came into force 2006 was repealed as from January 1, 2010 by the g) point of paragraph 189 of Law LXXVII (2009).
The effective corporate tax rate in Hungary is 19% from 1 January 2010.

The following are the major changes in deferred tax liabilities and assets recognised by the Group during 2009:

	31 December 2009	Deferred tax carried by subsidiaries	(Charged)/ credited to retained earnings	(Charged)/ credited to Income Statement	31 December 2008
	HUF m	HUF m	HUF m	HUF m	HUF m
Deferred tax					
Depreciation	417	-	-	(236)	653
Other temporary differences	(1)	-	-	-	(1)
Consolidation adjustments	255	428	(396)	(173)	396
Consolidation adjustments (tax liabilities)	(818)	(818)	817	-	(817)
Total	**(147)**	**(390)**	**421**	**(409)**	**231**

The following are the major changes in deferred tax liabilities and assets recognised by the Group during 2008:

	31 December 2008	Deferred tax carried by subsidiaries	(Charged)/ credited to retained earnings	(Charged)/ credited to Income Statement	31 December 2007
	HUF m	HUF m	HUF m	HUF m	HUF m
Deferred tax					
Depreciation	653	-	-	8	645
Other temporary differences	(1)	-	-	-	(1)
Consolidation adjustments	396	297	(145)	99	145
Consolidation adjustments (tax liabilities)	(817)	(817)	725	-	(725)
Total	**231**	**(520)**	**580**	**107**	**64**

At the balance sheet date, the Group had no unused tax losses (HUF 30 million in 2008, which offset the current year profit). Temporary differences arising in connection with interest in associates and joint ventures are insignificant.

19. LOANS RECEIVABLE

	31 December 2009	31 December 2008
	HUF m	HUF m
Loans given to related parties	1,305	1,253
Loans given to employees	250	305
Other loans given	22	3
Total	**1,577**	**1,561**

At the balance sheet date there were loans given to associated companies and other related parties, both to employees on a discounted value.

20. GOODWILL

	Goodwill
	HUF m
COST	
At 1 January 2008	3,918
Changes in opening value	-
Increase deriving from acquisition of subsidiaries	2,408
At 31 December 2008	**6,326**
At 1 January 2009	6,326
Changes in opening value	-
Increase deriving from acquisition of subsidiaries	117
Decrease deriving from sale of subsidiaries	(115)
At 31 December 2009	**6,328**
IMPAIRMENT	
At 1 January 2008	(26)
Impairment charged for the year	(485)
At 31 December 2008	**(511)**
At 1 January 2009	(511)
Impairment charged for the year	(2,581)
Decrease deriving from disposal of subsidiaries	-
At 31 December 2009	**(3,092)**
NET BOOK VALUE	
At 31 December 2008	**5,815**
At 31 December 2009	**3,236**

In 2009 the goodwill arose from those of Pharmafarm SA. shares that were purchased on the Romanian stock exchange, but decreased because of Biowet Drwalew S.A. sale.

Impairment test was performed on the value of the Goodwill and as a consequence to that we had to account for impairment losses related to the Romanian wholesale and most of the retail companies.
In 2009 the "Value in use" method was applied, since there were no similar transactions on the market and in the industry segment as the impact of the global economic crises.

Such tests were performed during 2009 in the cases of Gedeon Richter Distribution, Gedeon Richter Farmacia, Armedica Trading S.R.L. and Gedeon Richter Polska Sp. z o.o. (former GZF Polfa) (as Cash Generating Units) adopting the method of dividing the Cash Generating Units reported at Gedeon Richter Farmacia by pharmacy categories calculating the returns on the latter ones.

Cash flow originating from business plans for the years 2010-2015 were discounted when accounting the impairment losses for GRDI and GRFA. We assumed a lower growth rate at the beginning (3%), and a higher one towards the end of the period (6.5%) WACC used for the calculation of the present value was 14 % for both companies. In the case of GRFA a growth rate of 25% was assumed for the pharmacies realising a higher income in 2010 which was gradually taken back to 6.5% from 2011 onwards.

As a result of the tests impairment losses were accounted at the above mentioned Gedeon Richter Distribution and Gedeon Richter Farmacia companies while the test did not return a profit in the case of Gedeon Richter Polska Sp. z o.o.

21. INVENTORIES

	31 December 2009	31 December 2008
	HUF m	HUF m
Raw materials, packaging and consumables	17,071	18,976
Production in progress	597	867
Semi-finished and finished goods	33,791	36,965
Total	**51,459**	**56,808**

Inventories include impairment in value of HUF 3,112 million and reversal of impairment in value of HUF 461 million in 2009 (HUF 1,900 million impairment and HUF 346 million reversal was made in 2008).
The reversal of impairment is due to the change of market conditions.

22. TRADE RECEIVABLES

	31 December 2009	31 December 2008
	HUF m	HUF m
Trade receivables	67,411	55,004
Amounts due from related companies	12,003	13,667
Total	**79,414**	**68,671**

Trade receivables include HUF 2,388 million impairment and HUF 1,147 million reversal of impairment in 2009 (in 2008 the net of impairment was HUF 390 million).
The reversal of impairment is explained with the decrease of overdue receivables.

Ageing of Trade receivables:

	31 December 2009	31 December 2008
	HUF m	HUF m
Trade receivables not expired	63,235	51,223
Trade receivables overdue	16,179	17,448
1-90 days	*12,837*	*11,810*
91-180 days	*1,636*	*2,494*
181-360 days	*1,634*	*1,073*
>360 days	*72*	*2,071*
Total	**79,414**	**68,671**

23. OTHER CURRENT ASSETS

	31 December 2009	31 December 2008
	HUF m	HUF m
Tax and duties recoverable	2,870	2,299
Loans receivable	1,018	541
Advances	1,560	1,673
Fair value of open forward exchange contracts (IAS 39)	89	1,239
Other receivables	1,192	1,504
Prepayments	2,190	1,934
Total	**8,919**	**9,190**

24. INVESTMENTS IN SECURITIES

	31 December 2009	31 December 2008
	HUF m	HUF m
Treasury bills and state securities	18,197	16,826
Open-ended investment funds	3,492	2,011
Other securities	27	25
Total	**21,716**	**18,862**

All current investments are classified as available for sale. The fair value adjustment was HUF 474 million in 2009, and HUF 92 million in 2008.

The fair valuation of securities was based on bank data supply.

25. CASH AND CASH EQUIVALENTS

	31 December 2009	31 December 2008
	HUF m	HUF m
Bank deposits	89,644	52,819
Cash on hand	51	70
Short term securities (duration less than 3 months)	2,243	2,873
Finances of foreign offices	1,356	1,694
Total	**93,294**	**57,456**

There was HUF 0,3 million fair value adjustment of short term securities in 2009.

26. SHARE CAPITAL AND RESERVES

	31 December 2009		31 December 2008	
Share capital	**Number**	**HUF m**	**Number**	**HUF m**
Ordinary shares of HUF 1,000 each	18,637,486	18,638	18,637,486	18,638

Foreign currency translation reserves

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Currency Units) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Gains and losses on hedging instruments that are designated as hedges of net investments in foreign operations are included in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating both the net assets of foreign operations and hedges of foreign operations) are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

Fair value reserves

When measuring financial assets available for sale at their fair values the difference shall be recognized as fair value reserve. It shall be derecognised simultaneously with the disposal of the asset.

Equity-settled employee benefits reserve

The reserve contain equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

Not distributed, but sustained by decision of the Board of Directors	14,419	pieces
Exchange rate at 31 December 2009	42,900	HUF
Equity-settled employee benefits reserve	**619**	**HUF m**

27. TREASURY SHARES

It is the intention of the Company to grant Treasury shares to management and employees as part of its remuneration policy. Richter has implemented a bonus share programme since 1996 to further incentivise managers and key employees whose performance can significantly influence the Company's profitability. As of 1 January 2003 tax laws applicable to remuneration provided in the form of securities changed; such bonuses are now taxable as income from employment. In 2009 32,389 shares were distributed to 418 employees of the Company.

49,040 ordinary shares were granted to qualified employees as bonuses during the year.

Pursuant to a programme approved by the Ministry of Finance related to employee share bonuses (Recognised Staff Stock Bonus Plan 2009-2011), the Company granted 36,571 treasury shares to 4,475 employees. The shares will be deposited on the employees' security accounts with UniCredit Bank Hungary Ltd. until 2 January 2012.

The AGM held on 28 April 2009 has approved that the Company may purchase its own shares for the treasury, the aggregated nominal value of which shall not exceed 10 percent of the registered capital of the Company. Based on this approval, the Company purchased 73,486 treasury shares at the Budapest Stock Exchange during the year, and a further 40,927 shares on the OTC market.

NUMBER OF SHARES	Ordinary shares
at 31 December 2008	**30,448**
Out of these, number of shares owned by subsidiaries	*10,550*
Share purchase	114,413
Issued as part of bonus program	(32,389)
Bonuses	(49,040)
Granted pursuant to the Finance Ministry – approved plan	(36,571)
Granted pursuant to the Finance Ministry – repurchased	1,968
at 31 December 2009	**28,829**

BOOK VALUE	HUF m
at 31 December 2008	**604**
Share purchase	4,504
Issued as part of bonus program	(1,102)
Bonuses	(1,687)
Granted pursuant to the Finance Ministry – approved plan	(1,556)
Granted pursuant to the Finance Ministry – repurchased	62
at 31 December 2009	**825**

28. TRADE PAYABLES

	31 December 2009	31 December 2008
	HUF m	HUF m
Trade payables	31,152	27,677
Amount due to related companies	193	187
Total	**31,345**	**27,864**

Ageing of Trade payables:

	31 December 2009	31 December 2008
	HUF m	HUF m
Trade payables not expired	25,138	20,145
Trade payables overdue	6,207	7,719
1-90 days	*4,691*	*2,760*
91-180 days	*929*	*831*
181-360 days	*507*	*984*
>360 days	*80*	*3,144*
Total	**31,345**	**27,864**

29. OTHER PAYABLES AND ACCRUALS

	31 December 2009	31 December 2008
	HUF m	HUF m
Wages and payroll taxes payable	4,020	3,740
Dividend payable	88	87
Accruals	4,590	2,069
Other liabilities	1,688	993
Deposits from customers	327	1,014
Accrual for costs of share options and other bonuses	165	390
Total	**10,878**	**8,293**

30. PROVISIONS

	31 December 2009	31 December 2008
	HUF m	HUF m
Other provisions	585	153
Provision for retirement liabilities	1,333	1,048
from this retirement benefit plans	*776*	*525*
Total	**1,918**	**1,201**

Actuarial valuation related to retirement benefit plans

PARENT COMPANY

According to the Union Agreement of Gedeon Richter Plc. the retiring employee is entitled to the following additional benefit in case the employment contract ends with mutual agreement or regular dismissal:

– 1 month average wage in case of min. 15 years consecutive employment
– 2 month average wage in case of min. 30 years consecutive employment
– 3 month average wage in case of min. 40 years consecutive employment
– 4 month average wage in case of min. 45 years consecutive employment

THE VALUATION METHOD

In line with IAS 19, defined benefit obligation was calculated by using Projected Unit Credit Method. The estimated amount of the benefit shall be accounted in equal amounts for each period until the maturity date (straight line method), and valued at present value by using actuarial discount rate.

The calculation is applied for all employees employed at the balance sheet date.

RESULTS

	HUF m
Opening value of retirement benefit	1,156
Expected return on plan asset	127
Actuarial gains	(317)
2009 retirement benefit	**966**
Amortisation of non-recognised past service costs	195
Interest cost	71
Current service costs	56
Service for current year	71
2009 pension costs	**393**
Opening value of provision	525
2009 service (release of provision)	(71)
Current year provision	322
Closing value of provision	**776**
2009 non-recognised past service cost	**190**

ASSOCIATED COMPANIES

Amongst the subsidiaries of the Richter Group, only Gedeon Richter Polska Sp. z o.o. accounts pension related benefits as provision set forth in the articles of the Union Agreement. Expenses allocated to pension related provision amounted to HUF 526 million on 31 December 2009 when compared to the HUF 511 million on reported on 31 December 2008.

31. BORROWINGS

The value of Borrowings in Current liabilities is still significant, primarily due to the loans of the Romanian companies. All credits are short term bank loans and will repaid in first half of 2010. The risk of non-repayment is negligable. The credits are secured by registered mortgages on real estates and inventories.

	31 December 2009	31 December 2008
	HUF m	HUF m
Long term borrowings	702	70
Short term borrowings	5,387	5,053
Total	**6,089**	**5,123**

32. DIVIDEND ON ORDINARY SHARES

	2009	2008
	HUF m	HUF m
Dividend paid on ordinary shares	10,977	8,362

A dividend of HUF 590 per share (HUF 10,977 million) was declared in respect of the 2008 results, approved at the Company's Annual General Meeting on 28 April 2009 and paid during the year.

33. AGREED CAPITAL COMMITMENTS AND EXPENSES RELATED TO INVESTMENTS

	2009
	HUF m
Capital expenditure that has been contracted for but not included in the financial statements	5,216
Capital expenditure that has been authorised by the directors but has not yet been contracted for	19,189

The capital expenditure programme of the Company approved by the Board of Directors totalling HUF 24,405 million comprises all costs associated with capital expenditure planned for 2010. The above commitments were not recorded either in the income statement or in the balance sheet.

34. GUARANTEES GIVEN IN RESPECT OF GROUP COMPANIES AND THIRD PARTIES

	2009
	HUF m
Reményhez 2006 Gyógyszertári Bt. - bank guarantee	40
Pharmapolis Gyógyszeripari Tudományos Park Kft. – making use of grant	3,000
Richter-Helm BioLogic Co. & KG – bank guarantee (EUR 2.1 million)	568
Medimpex Jamaica Ltd. – bank guarantee (US$ 0.3 million)	56
Bank guarantee given by Gedeon Richter Pharma GmbH	4
Bank guarantee given by Gedeon Richter Polska Sp. z o.o.	16
Bank guarantee given by Richter Themis Ltd.	15

These are non eliminating off-balance-sheet items.

35. SOCIAL SECURITY AND PENSION SCHEMES

At the Parent Company contributions amounting to 29 percent of gross salaries and a further HUF 1,950 per person per month healthcare allowance were paid during 2009 to the State Tax Authority. The Parent Company has no further obligations beyond the statutory rates in force during the year.

In November 1994, the Parent Company offered the opportunity to its employees and those of the related companies to join a voluntary pension fund. The Parent Company contributes 6 percent of the monthly gross wages for those employees who decided to participate in the scheme. In addition, a one-off contribution is made in respect of employees who are within five years of the statutory retirement age.

The total cost of the contributions made by the Parent Company was HUF 733 million in 2009. The pension fund had a total of 6,122 members in 2009, 4,123 of whom were members entitled to receive the Company contributions.

The Parent Company has contributed to a private health insurance fund for the benefit of its employees since 1 September 2003. Amounts paid were HUF 5,000/person/month in 2009. 4,861 employees are members of Patika Health Insurance Fund and the total amount paid on their behalf to the fund was HUF 278 million during 2009.

The pension contribution fulfilled Hungary based subsidiaries amounted to HUF 33 million.

Foreign subsidiaries pay contributions to various pension fund in favour of their employees.

None of the subsidiaries of the Group operate any similar pension schemes. Reflex Kft., Medimpex Irodaház Kft., Humanco Kft., Chemitechnikpharma Kft., Richter Szolgáltató Kft. pay a pension contribution for employees and similar to the Parent Company Reflex Kft., Medimpex Irodaház Kft., Humanco Kft., Richter Szolgáltató Kft., Richter Befektetéskezelő Kft. also pay a contribution to Patika Health Insurance Fund.

36. ACQUISITION OF SUBSIDIARIES

In 2009 the Group via purchases of additional equity has increased the rate of its ownership in Romania and in England.

	HUF m
Property, plant and equipments	237
Intangible assets	-
Other non-current assets	-
Inventories	6
Receivables	172
Cash and cash equivalents	240
Loans and borrowings	-
Payables	(328)
Net assets acquired	**327**
Goodwill	117
Paid consideration satisfied by cash	**(444)**
Cash acquired	240
Net cash outflow	**(204)**

37. DISPOSAL OF SUBSIDIARY

In September 2009, the Group disposed Biowet Drwalew S.A. which carried out all of its veterinary products manufacturing operation.

37.1 CONSIDERATION RECEIVED

	31 December 2009
	HUF m
Consideration received in cash and cash equivalents	709
Deferred sales proceeds	-
Total consideration received	**709**

37.2 ANALYSES OF ASSET AND LIABILITIES OVER WHICH CONTROL WAS LOST

	31 December 2009
	HUF m
NON-CURRENT ASSETS	
Property, plant and equipment and intangible assets	1,426
Deferred tax asset	2
Other financial assets	7
Current assets	
Inventories	449
Trade receivables	137
Loans receivable	8
Other receivables	39
Cash and cash equivalents	21
Non-current liabilities	
Borrowings	(215)
Deferred tax liabilities	(8)
Current liabilities	
Borrowings	(299)
Trade payables	(164)
Other current liabilities	(166)
Net asset disposed of	**1,237**

37.3 LOSS ON DISPOSAL OF SUBSIDIARY

	31 December 2009
	HUF m
Consideration received	709
Goodwill	(115)
Net asset disposed of	(1,237)
Total consideration	**(643)**

38. RELATED PARTY TRANSACTIONS

The immediate parent and ultimate controlling party respectively of the Group is Gedeon Richter Plc.
Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

The State Holding Company (MNV Zrt.), as a business organisation is having a controlling interest over Richter, nevertheless the Parent Company has no other transactions with the State Holding Company, than the regular dividend payments.

	2009	2008
	HUF m	HUF m
Dividend paid to MNV. Zrt.	2,762	2,106

38.1 LOANS TO RELATED PARTIES

The Group has not provided any long or short-term loans to its key management personnel. Loans given to associated companies are both long and short term loans.

	31 December 2009	31 December 2008
	HUF m	HUF m
Loans to key management personnel	-	-
Loans to associated companies	1,371	820

38.2 REMUNERATION OF THE BOARD OF DIRECTORS AND THE SUPERVISORY BOARD

	Short-term benefits - Allowance	
	2009	2008
	HUF m	HUF m
Board of Directors	59	59
Supervisory Board	34	34
Total	**93**	**93**

39. EVENTS AFTER THE DATE OF THE BALANCE SHEET

There was no events followed balance sheet date that would influence the faithful presentation of the Group financial statements.

40. APPROVAL OF FINANCIAL STATEMENTS

Current consolidated financial statements have been approved by the Board of Directors and authorised for issue at 24 March 2010.

CONSOLIDATED FINANCIAL RECORD 2003-2009[1]

STATEMENTS OF INCOME (HUF m)	2003	2004	2005	2006	2007	2008	2009
for the years ended 31 December							
Total sales	**145,916**	**149,342**	**172,597**	**209,373**	**224,076**	**236,518**	**267,344**
Cost of sales	(67,315)	(71,096)	(75,573)	(89,704)	(104,379)	(108,421)	(116,443)
Gross profit	**78,601**	**78,246**	**97,024**	**119,669**	**119,697**	**128,097**	**150,901**
Operating expenses and other income and expenses	(46,324)	(41,434)	(57,433)	(70,142)	(83,414)	(93,941)	(101,450)
Profit from operations	**32,277**	**36,812**	**39,591**	**49,527**	**36,283**	**34,156**	**49,451**
Income from associate	-	503	848	863	735	903	52
Net financial income	3,385	2,621	5,747	1,723	(1,238)	8,394	4,379
Profit before taxation	**35,662**	**39,936**	**46,186**	**52,113**	**35,780**	**43,453**	**53,882**
Income tax	(2,907)	107	(543)	(711)	(779)	(498)	(1,032)
Solidarity tax	-	-	-	-	(1,030)	(1,378)	(1,897)
Profit for the year	**32,755**	**40,043**	**45,643**	**51,402**	**33,971**	**41,577**	**50,953**
Net income attributable to non-controlling interest	962	(198)	(330)	(124)	(635)	(167)	33
Net income attributable to equity holders of Parent Company	**33,717**	**39,845**	**45,313**	**51,278**	**33,336**	**41,410**	**50,986**
SHARE STATISTICS (HUF)							
Earnings per share	1,809	2,138	2,431	2,751	1,789	2,222	2,736
Dividends per ordinary share	440	500	600	690	450	590	770

STATEMENTS OF INCOME (EUR m)	2003	2004	2005	2006	2007	2008	2009
for the years ended 31 December							
Total sales	**575.4**	**592.4**	**696.2**	**794.0**	**892.0**	**941.6**	**952.4**
Cost of sales	(265.3)	(282.0)	(304.8)	(340.2)	(415.5)	(431.7)	(414.8)
Gross profit	**309.9**	**310.4**	**391.4**	**453.8**	**476.5**	**509.9**	**537.6**
Operating expenses and other income and expenses	(182.6)	(164.4)	(231.7)	(266.0)	(332.1)	(373.9)	(361.4)
Profit from operations	**127.3**	**146.0**	**159.7**	**187.8**	**144.4**	**136.0**	**176.2**
Income from associate	-	2.0	3.4	3.3	2.9	3.6	0.2
Net financial income	13.3	10.4	23.2	6.5	(4.9)	33.4	15.6
Profit before taxation	**140.6**	**158.4**	**186.3**	**197.6**	**142.4**	**173.0**	**192.0**
Income tax	(11.4)	0.4	(2.2)	(2.7)	(3.2)	(2.0)	(3.7)
Solidarity tax	-	-	-	-	(4.0)	(5.5)	(6.8)
Profit for the year	**129.2**	**158.8**	**184.1**	**194.9**	**135.2**	**165.5**	**181.5**
Net income attributable to non-controlling interest	3.8	(0.7)	(1.3)	(0.4)	(2.5)	(0.7)	0.1
Net income attributable to equity holders of Parent Company	**133.0**	**158.1**	**182.8**	**194.5**	**132.7**	**164.8**	**181.6**
SHARE STATISTICS (EUR)							
Earnings per share	7.13	8.48	9.81	10.43	7.12	8.85	9.74
Dividends per ordinary share	1.74	1.98	2.42	2.62	1.79	2.35	2.74

Notes: • EPS calculations based on the total number of shares issued, diluted excluding exceptional and non-recurring items.
• 2009 dividends per ordinary share of HUF 770 are as recommended by the Board of Directors.
• This Financial Record is not part of the audited Consolidated Financial Statements prepared in accordance with IFRS.

BALANCE SHEET (HUF m)	2003	2004	2005	2006	2007	2008	2009
as at 31 December							
Non-current assets	103,853	122,582	140,117	160,677	175,487	171,057	175,168
Net other assets and liabilities	77,912	91,516	113,383	135,736	140,606	169,328	205,107
Non-current liabilities	(59)	(35)	(474)	(2,485)	(1,712)	(1,099)	(1,520)
Non-controlling interest	(4,200)	(4,898)	(6,486)	(5,813)	(8,198)	(2,787)	(2,613)
Total net assets	**177,506**	**209,165**	**246,540**	**288,115**	**306,183**	**336,499**	**376,142**
Share capital	18,638	18,638	18,638	18,638	18,638	18,638	18,638
Reserves	159,385	191,227	228,047	270,015	289,263	318,465	356,679
Treasury shares	(517)	(700)	(145)	(538)	(1,718)	(604)	(825)
Capital and reserves [2]	**177,506**	**209,165**	**246,540**	**288,115**	**306,183**	**336,499**	**376,142**
Total assets and total equity and liabilities	**199,575**	**234,932**	**277,580**	**325,784**	**347,963**	**384,133**	**429,970**
CAPITAL EXPENDITURE (HUF m)	**21,948**	**26,812**	**29,841**	**32,351**	**23,197**	**22,010**	**24,211**

BALANCE SHEET (EUR m)	2003	2004	2005	2006	2007	2008	2009
as at 31 December							
Non-current assets	396.1	498.5	553.8	638.1	692.5	646.7	647.6
Net other assets and liabilities	297.1	372.2	448.2	539.1	554.9	640.2	758.2
Non-current liabilities	(0.2)	(0.2)	(1.9)	(9.9)	(6.8)	(4.2)	(5.6)
Non-controlling interest	(16.0)	(19.9)	(25.6)	(23.1)	(32.3)	(10.5)	(9.7)
Total net assets	**677.0**	**850.6**	**974.5**	**1,144.2**	**1,208.3**	**1,272.2**	**1,390.5**
Share capital	71.1	75.8	73.7	74.0	73.6	70.5	68.9
Reserves	607.9	777.6	901.4	1,072.3	1,141.5	1,204.0	1,318.6
Treasury shares	(2.0)	(2.8)	(0.6)	(2.1)	(6.8)	(2.3)	(3.0)
Capital and reserves [2]	**677.0**	**850.6**	**974.5**	**1,144.2**	**1,208.3**	**1,272.2**	**1,390.5**
Total assets and total equity and liabilities	**761.2**	**955.4**	**1,097.2**	**1,293.8**	**1,373.2**	**1,452.3**	**1,589.5**
CAPITAL EXPENDITURE (EUR m)	**86.5**	**106.4**	**120.4**	**122.7**	**92.3**	**87.6**	**86.3**

Notes: [1] This Financial Record is not part of the audited Consolidated Financial Statements prepared in accordance with IFRS.
[2] Excluding non-controlling interest

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)	2003	2004	2005	2006	2007	2008	2009
Average	253.6	252.1	247.9	263.7	251.2	251.2	280.7
End of year	262.2	245.9	253.0	251.8	253.4	264.5	270.5

Number of employees	2003	2004	2005	2006	2007	2008	2009
End of year	7,328	7,260	8,078	8,526	9,528	10,527	10,090

UNCONSOLIDATED FINANCIAL RECORD 2003-2009

STATEMENTS OF INCOME (HUF m)	2003	2004	2005	2006	2007	2008	2009
for the years ended 31 December							
Total sales	**116,659**	**121,593**	**140,929**	**171,095**	**171,216**	**178,392**	**202,360**
Cost of sales	(42,343)	(47,813)	(54,494)	(66,183)	(69,137)	(69,149)	(71,495)
Gross profit	**74,316**	**73,780**	**86,435**	**104,912**	**102,079**	**109,243**	**130,865**
Operating expenses and other income and expenses	(39,697)	(38,772)	(49,071)	(57,725)	(67,285)	(75,113)	(79,060)
Profit from operations	**34,619**	**35,008**	**37,364**	**47,187**	**34,794**	**34,130**	**51,805**
Net financial income	1,713	2,459	6,259	2,283	1,724	14,103	7,622
Profit before taxation	**36,332**	**37,467**	**43,623**	**49,470**	**36,518**	**48,233**	**59,427**
Income tax	(2,654)	8	-	136	11	8	(236)
Solidarity tax	-	-	-	-	(1,015)	(1,365)	(1,889)
Profit for the year	**33,678**	**37,475**	**43,623**	**49,606**	**35,514**	**46,876**	**57,302**
SHARE STATISTICS (HUF)							
Earnings per share	1,807	2,011	2,341	2,662	1,906	2,515	3,075
Dividends per ordinary share	440	500	600	690	450	590	770

STATEMENTS OF INCOME (EUR m)	2003	2004	2005	2006	2007	2008	2009
for the years ended 31 December							
Total sales	**460.0**	**482.3**	**568.5**	**648.8**	**681.6**	**710.2**	**720.9**
Cost of sales	(167.0)	(189.6)	(219.8)	(251.0)	(275.2)	(275.3)	(254.7)
Gross profit	**293.0**	**292.7**	**348.7**	**397.8**	**406.4**	**434.9**	**466.2**
Operating expenses and other income and expenses	(156.5)	(153.8)	(198.0)	(218.9)	(267.9)	(299.0)	(281.6)
Profit from operations	**136.5**	**138.9**	**150.7**	**178.9**	**138.5**	**135.9**	**184.6**
Net financial income	6.8	9.7	25.3	8.7	6.9	56.1	27.1
Profit before taxation	**143.3**	**148.6**	**176.0**	**187.6**	**145.4**	**192.0**	**211.7**
Income tax	(10.5)	0.0	-	0.5	0.0	0.0	(0.9)
Solidarity tax	-	-	-	-	(4.0)	(5.4)	(6.7)
Profit for the year	**132.8**	**148.7**	**176.0**	**188.1**	**141.4**	**186.6**	**204.1**
SHARE STATISTICS (EUR)							
Earnings per share	7.13	7.98	9.44	10.09	7.59	10.01	10.95
Dividends per ordinary share	1.74	1.98	2.42	2.62	1.79	2.35	2.74

Notes: • EPS calculations based on the total number of shares issued, diluted excluding exceptional and non-recurring items.
• 2009 dividends per ordinary share of HUF 770 are as recommended by the Board of Directors.
• This Financial Record is not part of the audited Unconsolidated Financial Statements prepared in accordance with IFRS.

BALANCE SHEET (HUF m)	2003	2004	2005	2006	2007	2008	2009
as at 31 December							
Non-current assets	110,800	127,707	142,539	164,812	186,036	195,685	209,475
Net other assets and liabilities	71,261	83,591	103,700	121,102	119,917	149,964	182,658
Non-current liabilities	(11)	(4)	-	-	-	-	-
Total net assets	**182,050**	**211,294**	**246,239**	**285,914**	**305,953**	**345,649**	**392,133**
Share capital	18,638	18,638	18,638	18,638	18,638	18,638	18,638
Reserves	163,918	193,345	227,701	267,769	288,988	327,570	374,275
Treasury shares	(506)	(689)	(100)	(493)	(1,673)	(559)	(780)
Capital and reserves	**182,050**	**211,294**	**246,239**	**285,914**	**305,953**	**345,649**	**392,133**
Total assets and total equity and liabilities	**194,236**	**227,620**	**265,221**	**309,028**	**326,266**	**365,570**	**416,504**
CAPITAL EXPENDITURE (HUF m)	**20,053**	**24,259**	**25,799**	**26,320**	**17,818**	**16,572**	**21,085**

BALANCE SHEET (EUR m)	2003	2004	2005	2006	2007	2008	2009
as at 31 December							
Non-current assets	422.5	519.4	563.4	654.6	734,2	739.8	774.4
Net other assets and liabilities	271.8	339.9	409.9	480.9	473.2	567.0	675.3
Non-current liabilities	0.0	0.0	-	-	-	-	-
Total net assets	**694.3**	**859.3**	**973.3**	**1,135.5**	**1,207.4**	**1,306.8**	**1,449.7**
Share capital	71.1	75.8	73.7	74.0	73.6	70.5	68.9
Reserves	625.1	786.3	900.0	1,063.5	1,140.4	1,238.4	1,383.7
Treasury shares	(1.9)	(2.8)	(0.4)	(2.0)	(6.6)	(2.1)	(2.9)
Capital and reserves	**694.3**	**859.3**	**973.3**	**1,135.5**	**1,207.4**	**1,306.8**	**1,449.7**
Total assets and total equity and liabilities	**740.8**	**925.7**	**1,048.3**	**1,227.3**	**1,287.6**	**1,382.1**	**1,539.8**
CAPITAL EXPENDITURE (EUR m)	**79.1**	**96.2**	**104.1**	**99.8**	**70.9**	**66.0**	**75.1**

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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)	2003	2004	2005	2006	2007	2008	2009
Average	253.6	252.1	247.9	263.7	251.2	251.2	280.7
End of year	262.2	245.9	253.0	251.8	253.4	264.5	270.5

NUMBER OF EMPLOYEES	2003	2004	2005	2006	2007	2008	2009
End of year	5,466	5,619	5,867	5,971	6,194	6,174	5,932

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