ANNUAL REPORT 2008

GEDEON RICHTER

CONTENTS

RICHTER GROUP • FACT SHEET

Richter Group is active in two business segments, primarily pharmaceuticals comprising the research and development, manufacturing and marketing of pharmaceutical products and in addition the Group is also engaged in the wholesale and retail of these products.

The primary activities of the Group are the research and development, manufacturing and marketing of pharmaceutical products 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 created the foundation for regional leadership. Companies included in the consolidated reports of the Group are presented in this Annual Report on page 80-82.

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 activities	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 Bank of New York Mellon
	GDR / Ordinary share ratio = 1:1

INVESTOR RELATIONS DEPARTMENT

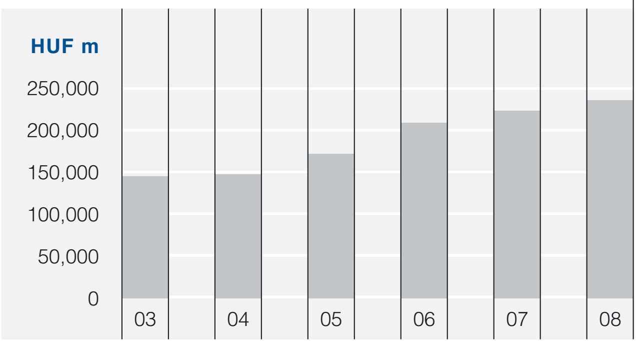
Address	Budapest, Gyömrői út 19-21., Hungary
Mail address	1475 Budapest, Pf. 10., Hungary
Phone	+36 1 431 5764
Fax	+36 1 261 2158
E-mail	investor.relations@richter.hu
Website	www.richter.hu

CONSOLIDATED FINANCIAL HIGHLIGHTS

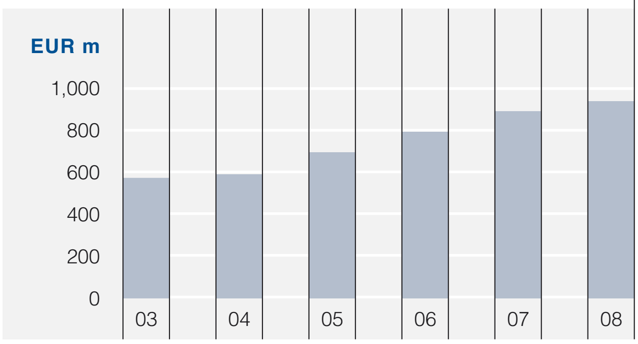
	2008	2007	Change	2008	2007	Change
	HUF m	HUF m	%	EUR m	EUR m	%
Total sales	236,518	224,076	5.6	941.6	892.0	5.6
Profit from operations	34,156	36,283	-5.9	136.0	144.4	-5.8
Profit for the year	41,410	33,336	24.2	164.8	132.7	24.2

	2008	2007	Change	2008	2007	Change
	HUF	HUF	%	EUR	EUR	%
Earnings per share (EPS)	2,222	1,789	24.2	8.85	7.12	24.2
Dividends per ordinary shares	590	450	31.1	2.35	1.79	31.1

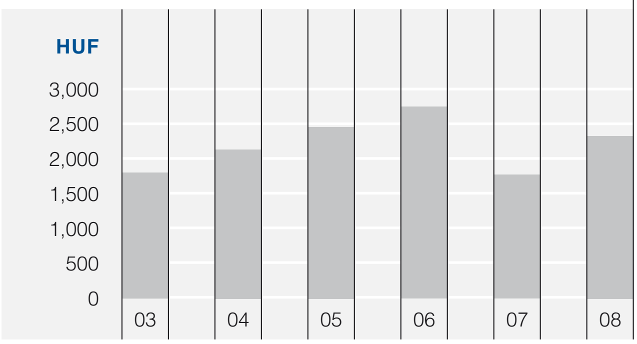
SALES



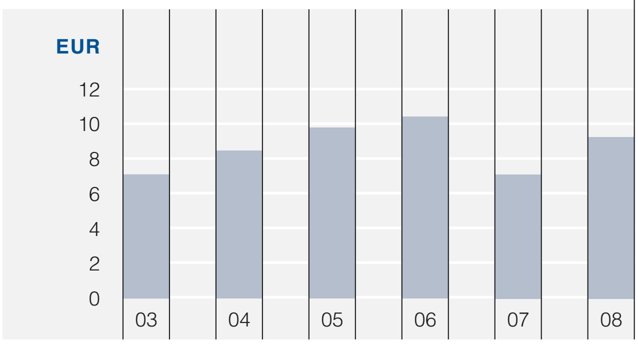
SALES



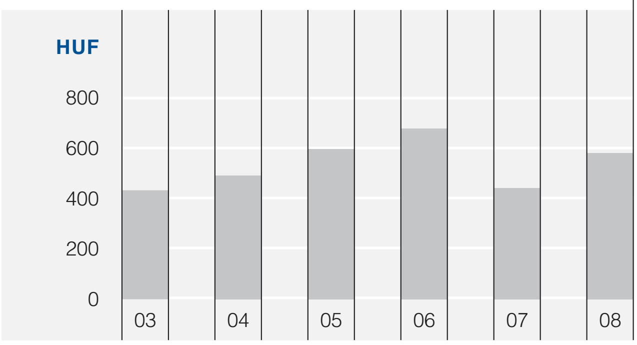
EARNINGS PER SHARE



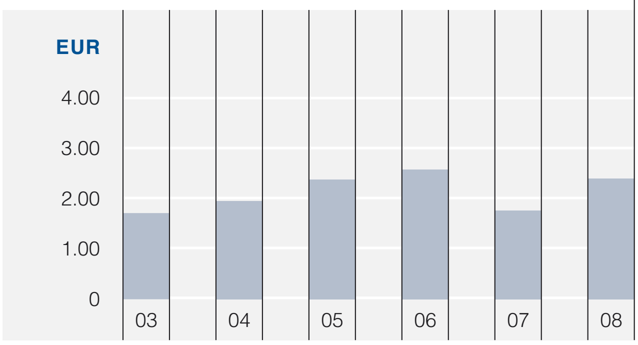
EARNINGS PER SHARE



DIVIDENDS PER ORDINARY SHARE



DIVIDENDS PER ORDINARY SHARE



Notes:
- Earnings per share calculations were based on the total number of shares issued.
- The amount of 2008 dividend per ordinary share is HUF 590 as proposed by the Board of Directors.

CHAIRMAN'S STATEMENT

Notwithstanding the less favourable global climate the Company was able to maintain its position in most of its markets. A dynamic and double digit growth could be achieved in Poland, the other CIS republics and the Ukraine. The revenue from the profit sharing agreement concluded with Barr Laboratories, our US partner, made a significant contribution to our results. The reverse was true, however, in Russia, our biggest market, which fell well behind our expectations – primarily on account of destocking by wholesalers who found themselves in a more challenging financing environment. Although at lower levels than in former years, the changes introduced by the Regulatory Authorities at the end of 2006, resulted in further price cuts in 2008 which hindered the progress of the domestic market.

Despite the management's efforts, we could not bring to a successful conclusion the planned combination with the Polish Polpharma company. This policy was endorsed by our shareholders at the end of 2007 but, due to the change of the intentions of Genefar, Polpharma's owner, our plans were frustrated. We will look for an alternative solution in order to reinforce our market presence in Poland. On the other hand we were able to purchase from the Polish State the balance of 30 percent of GZF Polfa and so now we own almost 100 percent of our Polish company. This helped us to integrate this subsidiary with the parent company, which was an important step on the road forward in Poland.

We made good progress in renewing our product range and made preparations for the use of biotechnology to complement the portfolio of pharmaceuticals. I am particularly pleased to report that we have started the construction of a high-tech biotechnology plant in Debrecen, to which happily the State has also agreed to provide significant financial support. As well, the results of Phase II clinical trials of one of our molecules in development seem to be promising.

May I express on behalf of our shareholders our appreciation to Mr Erik Bogsch, the Managing Director and his management team and to all our colleagues in Hungary and in our subsidiaries and representative offices abroad for their hard work. Due to the joint effort, Richter could start 2009 with substantial reserves and a stable financial position which helps to overcome the challenges which we expect will be greater than in previous years. I also wish to extend my thanks to my colleagues on the Board who supported the Management and me with their expertise and wise counsel.

I am therefore confident that notwithstanding the economic and financial turmoil our Company will continue to strive to create long term value for our investors and the communities at large.

William de Gelsey

WILLIAM DE GELSEY
Chairman

COMPANY'S BOARDS | 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 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 (Hungarian Pharmaceutical Manufacturers Association), Chairman from 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 the Executive Board of 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)

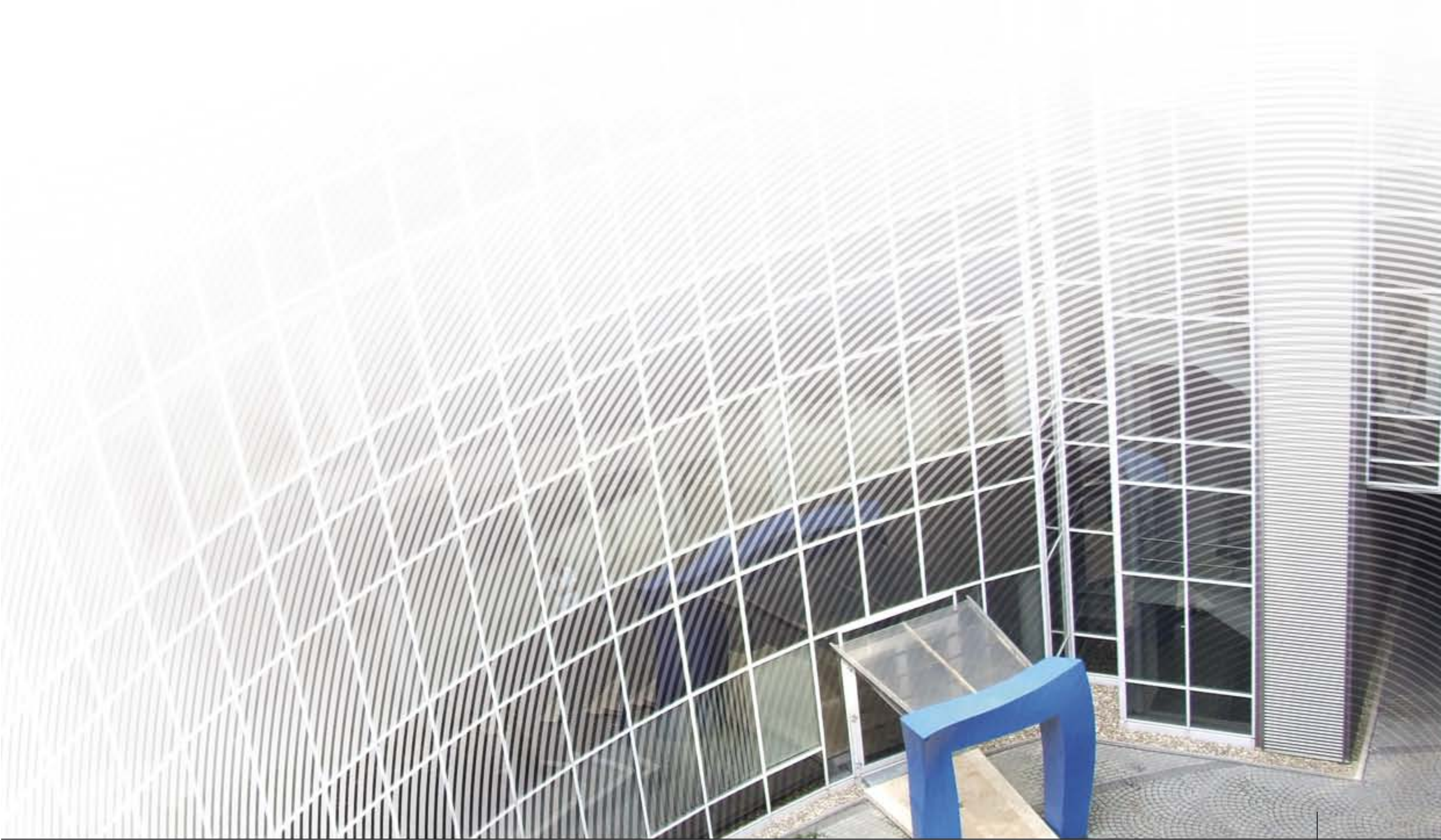
Medical doctor, urologist, nephrologist. Assistant at the Postgraduate Medical School between 1966-1970. Member of Parliament from 1990 to 1994. Currently practising as a physician, head of department with Gyógyír XI. Public Company responsible for medical services in district XI of Budapest. Has been 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 I LAJOS KOVÁCS I ANDRÁS RADÓ I ERIK BOGSCH I Dr GÁBOR GULÁCSI I Dr ZSOLT SZOMBATHELYI I Dr GYÖRGY THALER

ERIK BOGSCH (1947)

Appointed Managing Director in 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 2006.

Dr GÁBOR GULÁCSI (1958)

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

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 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.

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 1995. Has been a member of the Committee since 1990. Member of Audit Committee.

VENCELNÉ SEDLÁK (1953)

Employee representative. Chemical engineer, quality system engineer qualifications. With Richter since 1971. Head of Validation Department at the Quality Assurance Directorate from 2000. Joined the Committee in 2001.

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 2008

At the Annual General Meeting on 28 April 2008, Prof Dr Szilveszter E. Vizi was elected, and the following persons were re-elected to the Board of Directors for a period of 3 years:

– William de Gelsey
– Erik Bogsch
– Dr László Kovács
– Dr Tamás Mészáros
– Dr Gábor Perjés.

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. The 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 the shareholders representing more than 20 percent of the votes relating to the voting shares issued by the Company are presented 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 to the shareholders. The Board comprises Executive and 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 and receives materials and presentations to enable it to do so effectively. 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.

THE 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.

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 of three independent members of the Supervisory Committee elected at the AGM.

RISK MANAGEMENT

Richter is committed to creating long-term value for its customers, shareholders, employees and society. 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 such way to provide that they remain within the defined 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 policy 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 the 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.

During the year Richter completed a company-level risk assessment in accordance with its risk management policy. As part of the risk assessment the Company has identified its relevant strategic, operational, compliance and financial risks, which have been evaluated by the management of the Company.

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

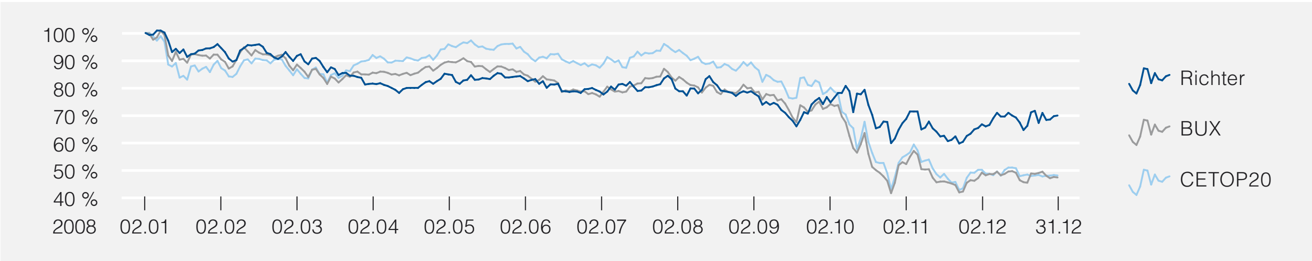
1. STRATEGIC RISKS	Description	Key risk management methods
Competition and Pricing	– The impact on the Company's market position and results of increasing generic competition and decreasing prices in the competitive market	– Regularly performed competitor-, industry- and effectiveness analysis – Identifying 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 and Clinical 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

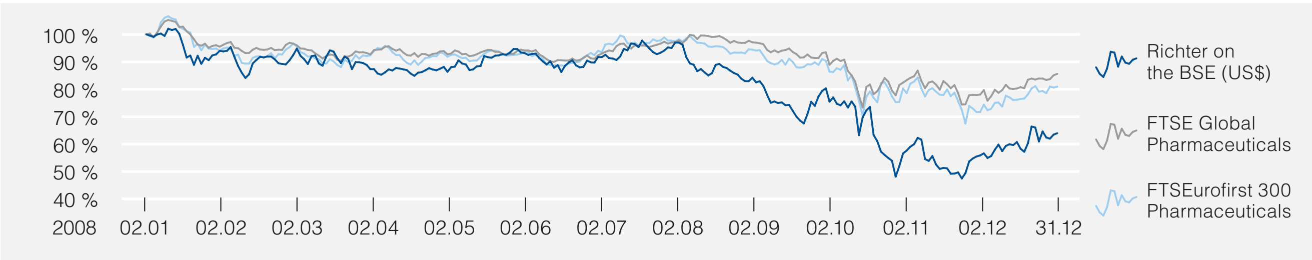
3. COMPLIANCE RISKS	Description	Key risk management methods
Intellectual Property, Patents and Litigations	– The risk relating to patents and patent rights	– Continuous assessment and monitoring of intellectual property and patents – Enforcement of patent rights
Contracts and Liabilities	– The risk relating 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

GEDEON RICHTER SHARE PRICE AT THE BUDAPEST STOCK EXCHANGE COMPARED TO BUX AND CETOP20 INDICES



GEDEON RICHTER SHARE PRICE ON THE BSE COMPARED TO FTSE GLOBAL PHARMACEUTICALS AND FTSEUROFIRST 300 PHARMACEUTICALS INDICES



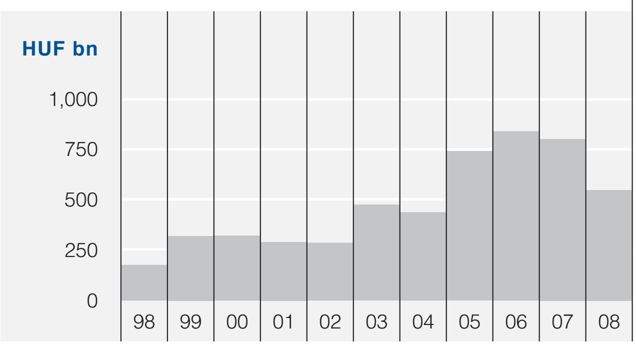
Notes:
- **BUX Index constituents are (as of 31 December 2008):** ECONET, EGIS, ÉMÁSZ, FHB, FOTEX, MOL, MAGYAR TELEKOM, OTP, PANNERGY, PHYLAXIA, RÁBA, RICHTER, SYNERGON, TVK
- **CETOP20 Index (Central European blue chip index) constituents are (as of 31 December 2008):** BANK PEKAO, BANK PKO BP, BRE 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 (as of 31 December 2008):** NOVARTIS, ROCHE, GLAXOSMITHKLINE, SANOFI-AVENTIS, ASTRAZENECA, TAKEDA, NOVO NORDISK, ASTELLAS, DAIICHI SANKYO, CSL, CHUGAI, EISAI, SHIONOGI, PFIZER, JOHNSON&JOHNSON, AMGEN, ABBOTT LABORATORIES, MERCK, WYETH, GILEAD SCIENCES, BRISTOL-MYERS SQUIBB, SCHERING PLOUGH, ELI LILLY, GENENTECH, CELGENE, GENZYME, BIOGEN IDEC, ALLERGAN, FOREST LABORATORIES, AMERISOURCEBERGEN
- **FTSEurofirst 300 Pharmaceuticals (E3PHRM) constituents are (as of 31 December 2008):** NOVARTIS, ROCHE, GLAXOSMITHKLINE, SANOFI-AVENTIS, ASTRAZENECA, NOVO NORDISK, SHIRE, ACTELION, UCB, MERCK KGAA.

Source: Reuters, BSE

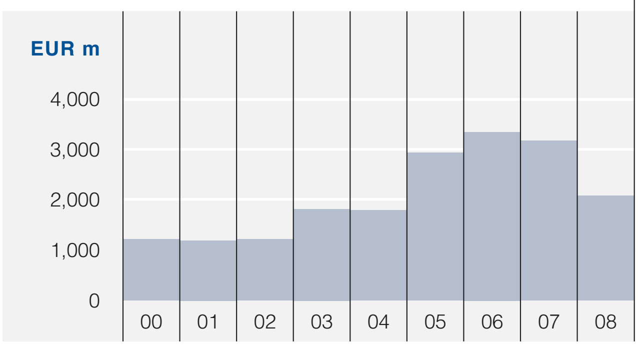
MARKET CAPITALISATION

The company's market capitalisation linked to the share price could not avoid the negative developments that characterised the global financial markets in the second half of the year. It declined by 31.6 percent from HUF 773 billion reported at year end 2007 to HUF 529 billion by the end of 2008. In Euro terms the Company's market capitalisation decreased by 34.3 percent from EUR 3.0 billion recorded at year end 2007 to EUR 2.0 billion on 31 December 2008.

MARKET CAPITALISATION



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 2009 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 for 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 8 international conferences / investor roadshows and 5 additional investor roadshows in 2008. Gedeon Richter's management held 28 meetings for 82 fund managers and analysts at its headquarters presenting the Company's business progress and financial results. Regular conference calls were organised during the year, following publication of the quarterly reports of the Company.

CONFERENCES IN 2008

Citigroup	'2008 IR University: Interacting with the Markets'	London	15 January 2008
Merrill Lynch	'Merrill Lynch Pharmaceutical Conference'	New York, Boston	5-8 February 2008
Erste	'Erste Bank Investor Conference'	Tallinn	20 May 2008
UniCredit	'5th Annual Emerging Europe Conference'	Istanbul	4-5 September 2008
Merrill Lynch	'Global Pharmaceutical, Biotech and Medtech Conference'	London	16-18 September 2008
Natixis	'Generic Drugs Conference'	Paris	7 October 2008
Merrill Lynch	'Merrill Lynch Generics Conference'	Frankfurt	1-2 December 2008
ING	'ING EMEA Investment Forum Prague'	Prague	1-5 December 2008

INVESTOR ROADSHOWS IN 2008

New York, Boston	5-8 February 2008
London, Edinburgh	13-15 February 2008
London, Edinburgh	15, 19 September 2008
Amsterdam	18 November 2008
New York, Boston	18-20 November 2008

The Company's website (www.richter.hu) includes an area which meets 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 2008

Cashline	Mr Kornél Sarkadi Szabó	JP Morgan	Mr Naresh Chouhan / Mr David Evans
CIB	Mr Péter Dobár	KBC	Ms Barbara Jánosi
Citi	Mr Peter Verdult	Merrill Lynch	Mr Andreas Schmidt *
Concorde	Mr Attila Vágó	Nomura	Ms Frances Cloud *
Credit Suisse	Mr Ravi Mehrotra	Raiffeisen	Mr Ákos Herczenik
Deutsche Bank	Mr Gergely Várkonyi	UBS Warburg	Martin Wales
Erste	Ms Vladimíra Urbánková	UniCredit	Ms Adriana Marin
ING	Mr Róbert Kerekes / Mr Luke Poloniecki *	Wood	Mr Bram Buring

Notes: Some changes occurred in the coverage of Richter:
- From January 2009 Mr Luke Poloniecki replaced Mr Róbert Kerekes at ING.
- Currently there is no coverage both at Merril Lynch and Nomura.

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 2008.

Dividends approved by the shareholders of the Company at the Annual General Meeting held on 28 April 2008 totalled HUF 8,362 million (EUR 32.2 million) in respect of 2007. The portion payable in relation to ordinary shares, HUF 450 per share, represented 45 percent of the nominal share value. The record dates for these dividend payments were announced on 27 May 2008 with payments having commenced on 16 June 2008.

INFORMATION REGARDING RICHTER SHARES

SHARES IN ISSUE

The total number of shares in issue as at 31 December 2008 remained unchanged from the levels reported as at 31 December 2007.

TREASURY SHARES

SHARES HELD BY THE COMPANY IN TREASURY

	31 December 2008	31 December 2007
Number	19,898	43,998
Nominal value (HUF '000)	19,898	43,998
Book value (HUF '000)	558,617	1,672,792

The number of shares held by the Company in Treasury decreased during 2008. Richter purchased 80,000 treasury shares on the Budapest Stock Exchange during the fourth quarter 2008 in addition to a further 46,899 shares on the OTC market purchased throughout the whole year.

Based on a decision of the Board of Directors of Gedeon Richter Plc., out of 93,401 shares held by the Company in Treasury, 31,727 shares were granted as bonuses during 2008 to qualified employees participating in the bonus share programme, and further 61,674 shares were exercised as bonuses.

Due to a repurchase obligation stipulated in the programme approved by the Ministry of Finance related to employee share bonuses, the Company repurchased 1,875 shares from employees who resigned from the Parent company during 2008. In line with a programme approved by the Ministry of Finance related to employee share bonuses, on 15 December 2008 the Company granted 59,473 shares for 4,573 of its employees for 2008. The value of these shares amounted to HUF 1,579 million. These shares will be deposited at the employees' individual securities accounts at UniCredit Bank Hungary Zrt. until 2 January 2011. On 5 January 2009, after the expiry of the lock-up period the Company was able to remove all restrictions on 37,118 Richter ordinary shares granted to its employees on 18 December 2006 during the first year of a three-year programme approved by the Ministry of Finance, thereby enabling these shares to be traded.

The total number of Company shares at Group level held in Treasury at 31 December 2008 was 30,448, including 10,550 shares held by subsidiaries both at the end of 2007 and 2008.

REGISTERED SHAREHOLDERS

There were no significant changes relating to the shareholder structure of the Company during 2008. The share held by Hungarian State Holding company (MNV Zrt.) remained at 25 percent, approximately the same level as at 31 December 2007. The proportion held by domestic investors increased slightly to 14 percent and that of foreign investors decreased slightly to 61 percent.

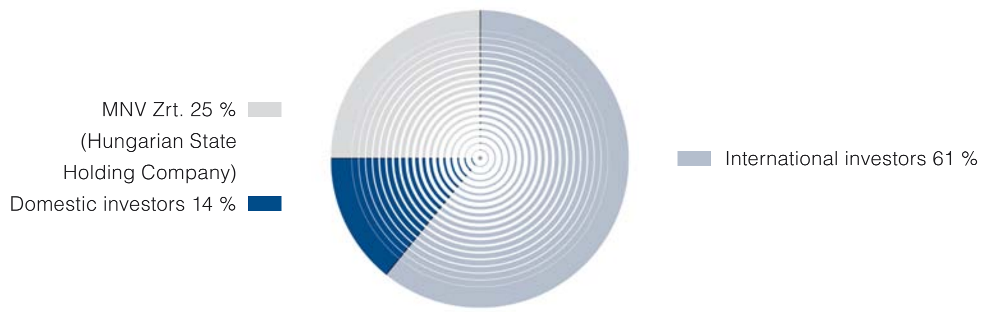
Data in the table below was compiled based on the share registry amended with information provided by KELER Zrt. as clearing company, global custodians and nominees.

DETAILED OWNERSHIP STRUCTURE AS OF 31 DECEMBER 2008

Ownership	Ordinary shares	Voting rights	Share capital
	Number	%	%
Domestic ownership	**7,153,262**	**38.44**	**38.39**
MNV Zrt.	4,680,898	25.16	25.12
Municipality	100	0.00	0.00
Institutional investors	1,935,899	10.40	10.39
Retail investors	536,365	2.88	2.88
International ownership	**11,430,500**	**61.43**	**61.33**
Institutional investors	11,377,859	61.15	61.05
out of which Bank of New York Mellon [1]	1,929,362	10.37	10.35
Retail investors	52,641	0.28	0.28
Treasury shares [2]	**30,448**	**0.00**	**0.16**
Undisclosed property	**23,276**	**0.13**	**0.12**
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 2008



SHARE OWNERSHIP BY COMPANY BOARD MEMBERS

Membership of the Company's Boards is shown on pages 6-11 of the Annual Report.

ORDINARY SHAREHOLDINGS BY MEMBERS OF THE COMPANY'S BOARDS

	31 December 2008	31 December 2007
	Number of ordinary shares	Number of ordinary shares
Board of Directors	4,413	6,910
Supervisory Committee	1,408	958
Executive Board	9,397	5,580
Total	**15,218**	**13,448**

It is natural that our shareholders want to know how we are facing the challenges of the fast changing macroeconomic and pharmaceutical environment and how we plan to convert our strategic directions into profitable results, which in turn should provide value for our shareholders.

The past year was dominated both by challenges related to specific markets in our region and by the global financial and economic crisis. In Hungary we have already experienced severe government austerity measures implemented in 2007, and this meant that we had to introduce certain restricting measures at the Company in the field of personnel, capital expenditure and marketing in Hungary. The global financial crisis affected virtually all of our markets in the region of CEE and CIS and resulted in significant devaluation of the local currencies. It is expected that austerity measures, similar to those implemented in Hungary, will be introduced also in these countries. Currency devaluations and further pressure on healthcare budgets potentially could lead to constraints on demand for pharmaceutical products, especially in the CIS region where state reimbursement is non existent.

Our Group reported HUF 236,518 million (EUR 941.6 million) consolidated sales in 2008, which represents a 6 percent growth in both currencies, when compared with 2007. In our core activity, which is pharmaceutical business, the following results were recorded during 2008:

In addition to the challenges detailed above we had to face a slight 2 percent sales decline in EUR terms in Russia primarily due to changes in inventory levels at wholesalers and further it was necessary to compensate them for part of their losses resulting from the hectic exchange rate movements both in Russia and in Ukraine. On the other hand healthy, 29 percent growth in US$ terms was recorded in Ukraine despite the unfavourable market conditions and an excellent, 30 percent increase in US$ terms was reported in the Other CIS republics. Consequently the overall sales levels in the CIS was 4 percent higher in EUR terms when compared to the levels achieved in 2007. In the USA, the healthy 23 percent growth in US$ terms was primarily due to a strong contribution from the profit sharing agreement with Barr Laboratories Inc. related to drospirenone, while the 9 percent increase in EUR terms reported in the EU countries also contributed to the moderate overall sales growth recorded by the Group in 2008. As a consequence of the difficult macroeconomic environment combined with the negative impact of the government austerity measures, pharmaceutical market conditions in Hungary remained unfavourable and resulted in a 6 percent decline in HUF terms year on year in the Company's domestic sales levels.

Hectic exchange rate movements prevailed throughout 2008. While we experienced the weakest ever EUR/HUF exchange rates during the first half of the year, a few months later the EUR/HUF exchange rate moved to the opposite extreme. Following review and in accordance with the management's decision new forward exchange contracts were concluded both in the last quarter of 2008 and in January 2009 in order to minimise US$/HUF and EUR/HUF exchange rate risks. A weakening of the HUF and a strengthening of the US$ in fourth quarter of 2008 resulted in significant net financial income and had a positive impact on the Company's profits.

On 15 November 2007 we announced a combination with one of the leading Polish pharmaceutical companies, Polpharma, in the value of US$ 1.3 billion. Although on 3 July 2008 the Polish competition authority granted approval for the transaction, we received a termination notification from Genefar and as a result of the fact that they failed to adhere to the signed agreement, the combination will not take place. Richter initiated in December 2008 legal proceedings claiming compensation for damages caused by such breach of contract. This unexpected event does not have any impact on the Company's commitment to strengthen our presence in the traditional markets, CEE and CIS, regardless the short term volatility in these regions.

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 30 September 2008 jointly with our partner, Forest Laboratories, we announced preliminary top-line data, which showed positive results from a phase II clinical trial of cariprazine (RGH – 188), an investigational antipsychotic, in patients with acute mania associated with bipolar I disorder. Ongoing phase II/b trials of the same compound for the treatment of schizophrenia are expected to be completed in the second half of 2009.

Another important area where innovation is paramount is biologicals. It is a strategic goal of Richter to establish a strong biological product line to be both competitive and to expand our worldwide portfolio offering products with high added value. Following in 2007 the acquisition of Strathmann Biotec GmbH., jointly with Helm AG in 2008 we started construction works on a pilot plant in Budapest for the development of bacterial proteins and also a greenfield investment was commenced in Debrecen to build up a manufacturing unit for mammalian cell development.

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 2008 and represented 31 percent of the Company's pharmaceutical turnover. Due to the changes occurred in the inventory levels at wholesalers and the negative impact of the global financial crisis in Russia the turnover of female healthcare products decreased year-on-year. This decline was more than offset by the positive impact of the profit sharing agreement with Barr Laboratories Inc. related to drospirenone in the USA.

I would like to express my gratitude for the efforts our dedicated employees have made during the year which have allowed me and the Executive Management team to concentrate on resolving the key issues and challenges. Finally I would like to thank our shareholders for the confidence that they have shown in our Company's development potential. I am confident that Richter has the strategy, skills and resources that will enable us to overcome the challenges that our business faces. We will continue to stay focused on our mission to deliver superior medicines and a business performance that creates enduring value for our shareholders.

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 under a framework of strategic partnerships and long-term supply agreements.

Richter Group is active in two business segments: pharmaceuticals as a core activity comprises research, development manufacturing and marketing of pharmaceutical products, and 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. In 2008 consolidated sales amounted to HUF 236.518 million (EUR 941.6 million) representing 5.6 percent sales growth (both in HUF and EUR terms) when compared with 2007.

In the following table we present Group turnover analysed by regions. A more detailed sales analysis by major market for each of the two business segments can be found in the Annual Report on pages 25-35 and 36, respectively.

SALES BY REGION

	2008	2007	Change		2008	2007	Change	
	HUF m	HUF m	HUF m	%	EUR m	EUR m	EUR m	%
Hungary	**30,568**	**47,496**	**-16,928**	**-35.6**	**121.7**	**189.1**	**-67.4**	**-35.6**
EU [(1)]	**97,701**	**76,014**	**21,687**	**28.5**	**389.0**	**302.6**	**86.4**	**28.6**
Poland	23,510	19,971	3,539	17.7	93.6	79.5	14.1	17.7
Romania	39,550	23,407	16,143	69.0	157.5	93.2	64.3	69.0
EU 9	17,507	16,797	710	4.2	69.7	66.8	2.9	4.3
EU 15	17,134	15,839	1,295	8.2	68.2	63.1	5.1	8.1
CIS	**73,577**	**69,664**	**3,913**	**5.6**	**292.9**	**277.3**	**15.6**	**5.6**
Russia	48,754	49,850	-1,096	-2.2	194.1	198.5	-4.4	-2.2
Ukraine	10,586	8,452	2,134	25.2	42.1	33.6	8.5	25.3
Other CIS republics	14,237	11,362	2,875	25.3	56.7	45.2	11.5	25.4
USA	**22,430**	**19,489**	**2,941**	**15.1**	**89.3**	**77.6**	**11.7**	**15.1**
Other countries	**12,242**	**11,413**	**829**	**7.3**	**48.7**	**45.4**	**3.3**	**7.3**
Total	**236,518**	**224,076**	**12,442**	**5.6**	**941.6**	**892.0**	**49.6**	**5.6**

Note: [(1)] All Member States of the European Union, except for Hungary.

MARKETS

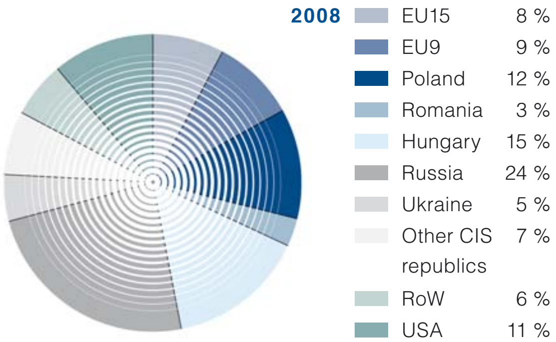
In the following sections we provide a brief recap of the yearly results of our core activity in each of our key countries and across all of our regions. Sales in the pharmaceutical segment amounted to HUF 201,702 million (EUR 803.0 million) following a 5.3 percent growth from 2007 level. Whilst turnover in Ukraine, certain CIS republics and the USA exceeded expectations, setbacks occurred in Russia, Hungary and Romania.

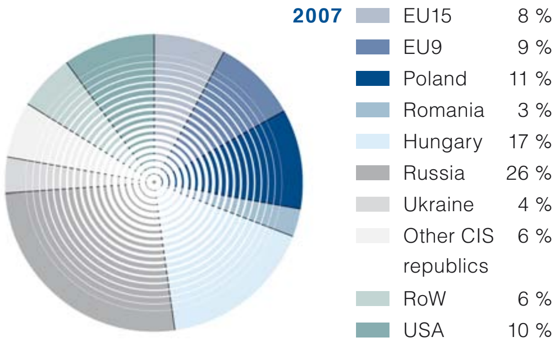
SALES BY REGION

	2008	2007	Change		2008	2007	Change	
	HUF m	HUF m	HUF m	%	EUR m	EUR m	EUR m	%
Hungary	**30,302**	**32,095**	**-1,793**	**-5.6**	**120.6**	**127.8**	**-7.2**	**-5.6**
EU [1]	**64,003**	**58,839**	**5,164**	**8.8**	**254.8**	**234.2**	**20.6**	**8.8**
Poland	23,510	19,971	3,539	17.7	93.6	79.5	14.1	17.7
Romania	5,852	6,277	-425	-6.8	23.3	25.0	-1.7	-6.8
EU 9	17,507	16,797	710	4.2	69.7	66.8	2.9	4.3
EU 15	17,134	15,794	1,340	8.5	68.2	62.9	5.3	8.4
CIS	**72,725**	**69,660**	**3,065**	**4.4**	**289.6**	**277.3**	**12.3**	**4.4**
Russia	48,754	49,850	-1,096	-2.2	194.1	198.5	-4.4	-2.2
Ukraine	10,145	8,452	1,693	20.0	40.4	33.6	6.8	20.2
Other CIS republics	13,826	11,358	2,468	21.7	55.1	45.2	9.9	21.9
USA	**22,430**	**19,489**	**2,941**	**15.1**	**89.3**	**77.6**	**11.7**	**15.1**
Other countries	**12,242**	**11,409**	**833**	**7.3**	**48.7**	**45.4**	**3.3**	**7.3**
Total	**201,702**	**191,492**	**10,210**	**5.3**	**803.0**	**762.3**	**40.7**	**5.3**

Note: [1] All Member States of the European Union, except for Hungary.

SALES ANALYSIS BY REGION





HUNGARY

The weak performance of the Hungarian economy continued to persist in 2008, while the government's target was to bring down the fiscal deficit to a reasonable level. Economic growth lagged behind the GDP expansion seen in most other Central and Eastern European states. Consumer price inflation remained high at 6.1 per cent, which prevented a significant increase in the population's purchasing power.

The uncertainties brought about by the government's actions which have been implemented since the end of 2006 continued to characterise the pharmaceutical market. The new reimbursement system with its quarterly frequency of reference price setting induced price reductions also in 2008, albeit on a more moderate scale than a year earlier.

As set out by the drug economic act of 2007, pharmaceutical companies have been required to pay an amount equal to 12 percent of the health insurance subsidy on their products (based on producer prices and pharmacy turnover data) into the health insurance fund. For Richter this obligation amounted to HUF 1,592 million in 2008 as compared to HUF 930 million paid in 2007. The increase is due to the interpretation of the law by the National Healthcare Fund, which considered the exemptions granted in 2007 invalid for 2008 and beyond despite legal objections put forward by pharmaceutical producers.

The medical representative fee was abolished by the Constitutional Court as of 16 June 2008. The amount due by this date totalled HUF 301 million. However, Parliament amended the law and reintroduced the fee as of 15 February 2009 in a yearly amount of HUF 4.8 million per medical representative.

Sales of the pharmaceutical segment amounted to HUF 30,302 million (EUR 120.6 million), representing a 5.6 percent decrease in both currencies. Approximately half of the decline can be attributed to the discontinuation of certain distribution agreements. The remainder of the decline resulted from price reductions over the range of reimbursed products.

The most substantial declines in turnover were reported to be in the case of NORMODIPINE (-46 percent), EDNYT (-44 percent), QUAMATEL (-17 percent) and LISOPRESS (-44 percent).

Notwithstanding the difficult market conditions, certain products showed good performances in 2008, primarily LISONORM, PORTIRON, AVONEX, ATORVOX and most of the oral contraceptives.

During 2008, Richter increased moderately on a number of occasions prices of certain non-reimbursed products.

Based on the latest available market audit (IMS) data for 2008 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 5.6 percent share.

TOP 10 PRODUCTS IN HUNGARY

Brand name	Active ingredient	Therapeutic area	2008	2007	Change	
			HUF m	HUF m	HUF m	%
Oral contraceptives	hormones	Gynaecology	3,229	2,953	276	9.3
CAVINTON	vinpocetine	CNS	2,225	2,314	-89	-3.8
QUAMATEL	famotidine	Gastrointestinal, antiulcer	1,938	2,331	-393	-16.9
EDNYT / LISOPRESS	enalapril / lisinopril	Cardiovascular, antihypertensive	1,317	2,367	-1,050	-44.4
LISONORM	lisinopril + amlodipine	Cardiovascular, antihypertensive	1,276	857	419	48.9
NORMODIPINE	amlodipine	Cardiovascular, antihypertensive	1,138	2,094	-956	-45.7
AVONEX	interferon-beta-1a	Sclerosis multiplex	1,058	780	278	35.6
ATORVOX	atorvastatin	Cardiovascular, cholesterol lowering	983	772	211	27.3
MYDETON / MYDOCALM	tolperisone	Muscle relaxant	969	1,175	-206	-17.5
SEDRON / CALCISEDRON	alendronate	Osteoporosis	948	828	120	14.5
Subtotal			**15,081**	**16,471**	**-1,390**	**-8.4**
Other			15,221	15,624	-403	-2.6
Total			**30,302**	**32,095**	**-1,793**	**-5.6**

NEW PRODUCTS LAUNCHED IN HUNGARY DURING 2008

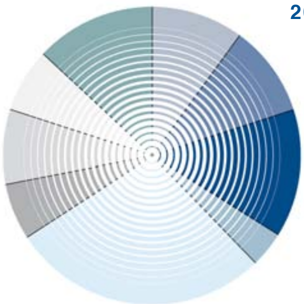
Brand name	Active ingredient	Therapeutic area	Launch date
JARVIS*	venlafaxine	CNS, antidepressant	Quarter I, 2008
NARVA	indapamide	Cardiovascular, diuretic	Quarter II, 2008
PALIXID	donepezil	CNS, antidementia	Quarter II, 2008
NANTARID *	quetiapin	CNS, antipsychotic	Quarter II, 2008
EMREN *	ramipril	Cardiovascular, antihypertensive	Quarter III, 2008
AZALIA	desogestrel	Gynaecology, oral contraception	Quarter III, 2008
DOLFORIN *	fentanyl	CNS, narcotic analgesic	Quarter IV, 2008

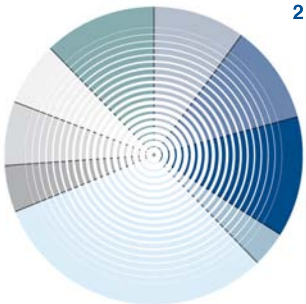
*Note: licensed-in products.

INTERNATIONAL SALES

In our international markets pharmaceutical sales amounted to EUR 682.4 million, an increase of 7.5 percent. Turnover in the USA grew by 15.1 percent in EUR terms (23.0 percent in US$ terms) primarily due to revenues received as profit sharing in relation to drospirenone. The 4.4 percent growth in pharmaceutical sales in the CIS reflected a weak performance in Russia more than offset by excellent results in Ukraine and the other republics. Sales achieved in the European Union also positively contributed to the overall sales levels reported by the Company and increased by 8.8 percent in EUR terms in 2008. Turnover in the 'Other countries' region increased by 7.3 percent in EUR terms.

INTERNATIONAL SALES ANALYSIS BY REGION





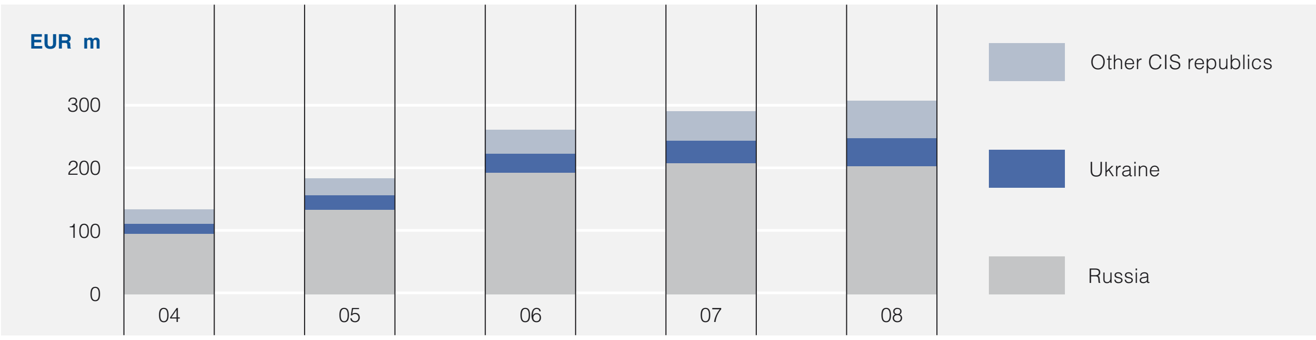
SALES TO TOP 10 INTERNATIONAL MARKETS

	2008	2007	Change	
	EUR m	EUR m	EUR m	%
Russia	194.1	198.5	-4.4	-2.2
Poland	93.6	79.5	14.1	17.7
USA	89.3	77.6	11.7	15.1
Ukraine	40.4	33.6	6.8	20.2
Germany	24.3	20.4	3.9	19.1
Czech Republic	23.6	23.7	-0.1	-0.4
Romania	23.3	25.0	-1.7	-6.8
Slovakia	20.4	20.3	0.1	0.5
France	18.7	17.6	1.1	6.2
Kazakhstan	18.4	19.5	-1.1	-5.6
Subtotal	**546.1**	**515.7**	**30.4**	**5.9**
Total international sales	**682.4**	**634.5**	**47.9**	**7.5**
Share of the TOP 10 international markets	80.0%	81.3%		

CIS

Pharmaceutical sales in the **CIS** amounted to EUR 289.6 million (US$ 424.6 million) representing an increase of 4.4 percent (11.6 percent in US$ terms). Except for Russia, sales increased dynamically throughout the region.

SALES TO THE CIS



Turnover of gynaecological products led by the range of oral contraceptives represented 21 percent of total CIS pharmaceutical sales in 2008. The decline compared to the relatively high base period was principally due to wholesaler stockpiling during the second half of 2007 in Russia.

In **Russia**, despite a relatively favourable economic environment prevailing during most of the year and characterised by solid GDP growth of 5.6 percent, Richter reported a slight sales decline. Turnover totalled EUR 194.1 million (US$ 284.6 million), 2.2 percent lower (in US$ terms, 4.6 percent higher) than in 2007. The slowdown resulted predominantly from a significant reduction to inventory levels at wholesalers following stockpiling in 2007.

During the last quarter of 2008, Russia was also affected by the global financial and economic crisis and its currency suffered a substantial devaluation against the euro. This phenomenon combined with a continuous decline in crude oil prices created an unfavourable environment for all players on the pharmaceutical market. In view of the uncertain and unpredictable financial and business environment Richter's management agreed to give certain rebates to wholesalers in order to compensate part of their losses they incurred in the wake of a weakened rouble. Following negotiations a reasonable and acceptable agreement was reached for both parties. Richter continues to monitor its payment terms closely under the difficult financial circumstances.

Richter's participation in the restructured DLO subsidy programme was negligible in 2008.

During 2008 sales levels were supported by increased turnover of DIROTON, MYDOCALM, SUPRAX, PANANGIN, SIMVASTOL and EKVATOR.

Pharmaceutical sales to **Ukraine** amounted to US$ 59.3 million (EUR 40.4 million) in 2008, a healthy 28.6 percent (20.2 percent in EUR terms) increase over the high base of the previous year. The good performance was mainly due to higher sales levels of oral contraceptives, NIFUROKSAZYD, EKVATOR and PANANGIN. The overall unstable political and economic situation in Ukraine has deteriorated further due to the negative impact of the global financial crisis occurred during the fourth quarter of 2008. Richter's management has agreed to partly compensate wholesalers for their losses incurred as a consequence of the sharp devaluation of the local currency. Richter continues to monitor its payment terms closely under the difficult financial circumstances.

Sales in **Other CIS republics** also showed a substantial increase over the very high base recorded in 2007. Pharmaceutical turnover totalled US$ 80.7 million (EUR 55.1 million) for 2008, a 30.2 percent (21.9 percent in Euro terms) increase over the levels achieved in 2007. The sales growth in Other CIS republics was mainly due to a good performance from various oral contraceptives, DIROTON, MYDOCALM and PANANGIN. Most notable turnover was recorded in Kazakhstan where sales amounted to EUR 18.4 million in 2008. Excluding a EUR 4.2 million one-off item in the base period figures due to changes to the invoicing system effected early 2007, sales in 2008 increased substantially by 20.4 percent in Euro terms. With effect from 1 February 2008 Richter changed its invoicing currency in Kazakhstan, substituting US$ with EUR. Outstanding growth was recorded in Belorussia, Moldavia and Uzbekistan. In 2008 these three republics contributed US$ 31.9 million (EUR 21.7 million) to sales revenues.

NEW PRODUCTS LAUNCHED IN THE CIS REPUBLICS DURING 2008

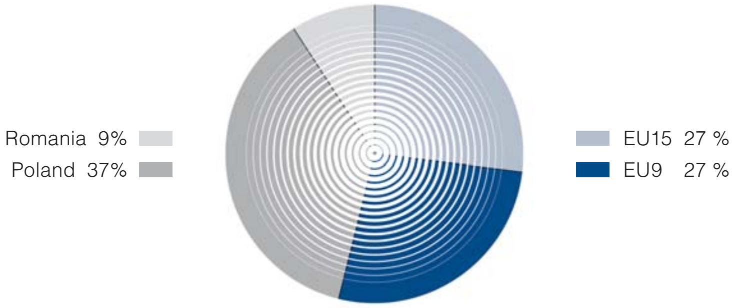
Brand name	Active ingredient	Therapeutic area	Launch date
AIRTAL*	aceclofenac	Non-steroid antiinflammatory	Quarter III, 2008
SONIZIN	tamsulosine	Benign prostrate hypertrophy	Quarter III, 2008
OSTALON	alendronate	Osteoporosis	Quarter III, 2008
BIDOP	bisoprol	Cardiovascular	Quarter IV, 2008
SENTOR	losartan	Cardiovascular, antihypertensive	Quarter IV, 2008

* Note: licensed-in products.

EUROPEAN UNION

Pharmaceutical sales in the **European Union**, excluding Hungary, amounted to EUR 254.8 million in 2008, representing growth of 8.8 percent when compared to 2007.

SALES TO THE EU IN 2008



In 2008, sales of gynaecological products increased by 12.4 percent in Euro terms. In the reported period this product group represented 29 percent of turnover in the region's pharmaceutical sales.

From the Group's business perspective, this region consists of two groups of countries: the new member states, including Hungary, Poland and Romania, which joined the EU either on 1 May 2004 or on 1 January 2007 and the 15 'traditional' Member States of the EU. The major characteristics of these two sub-regions as well as the Group's product portfolio and its marketing strategies are substantially different in the two areas.

Having been established for decades in **Central and Eastern Europe** Richter distributes and markets its products via its own sales network. We continue to increase both the efficiency of our specialised sales force teams and the number of medical representatives which also contributed substantially to the higher sales levels recorded in 2008.

In **Poland**, its largest market in the region, Richter's sales grew broadly in line with the market, which itself showed a positive trend made possible by sound GDP growth (4.8 percent in 2008) and an even higher rise in real wages boosting purchasing power. Richter Group recorded sales of EUR 93.6 million, a significant increase of 17.7 percent over 2007 levels. The good performance was mostly due to the sales growth of the third generation oral contraceptives, namely NOVYNETTE and REGULON as well as VEROSPIRON and MYDOCALM.

In **Romania**, 2008 was a very difficult year for the whole pharmaceutical market despite the country's robust GDP growth of just below 8 percent. The government's failure to reset fixed drug prices to reflect depreciation of the local currency, along with unfavourable regulatory changes notably an amended method of reference price calculation and extremely long payment terms created uncertainty for producers as well as for wholesalers and retailers. For the pharmaceutical segment in Romania, sales amounted to EUR 23.3 million, a 6.8 percent decrease compared to the performance in 2007. The decline was due to both price erosion among generic products and unfavourable regulatory changes. The most significant decline was recorded in sales of TERBISIL and TAMSOL. On the other hand, good growth was realised in the turnover of QUAMATEL, AFLAMIL and MYDOCALM.

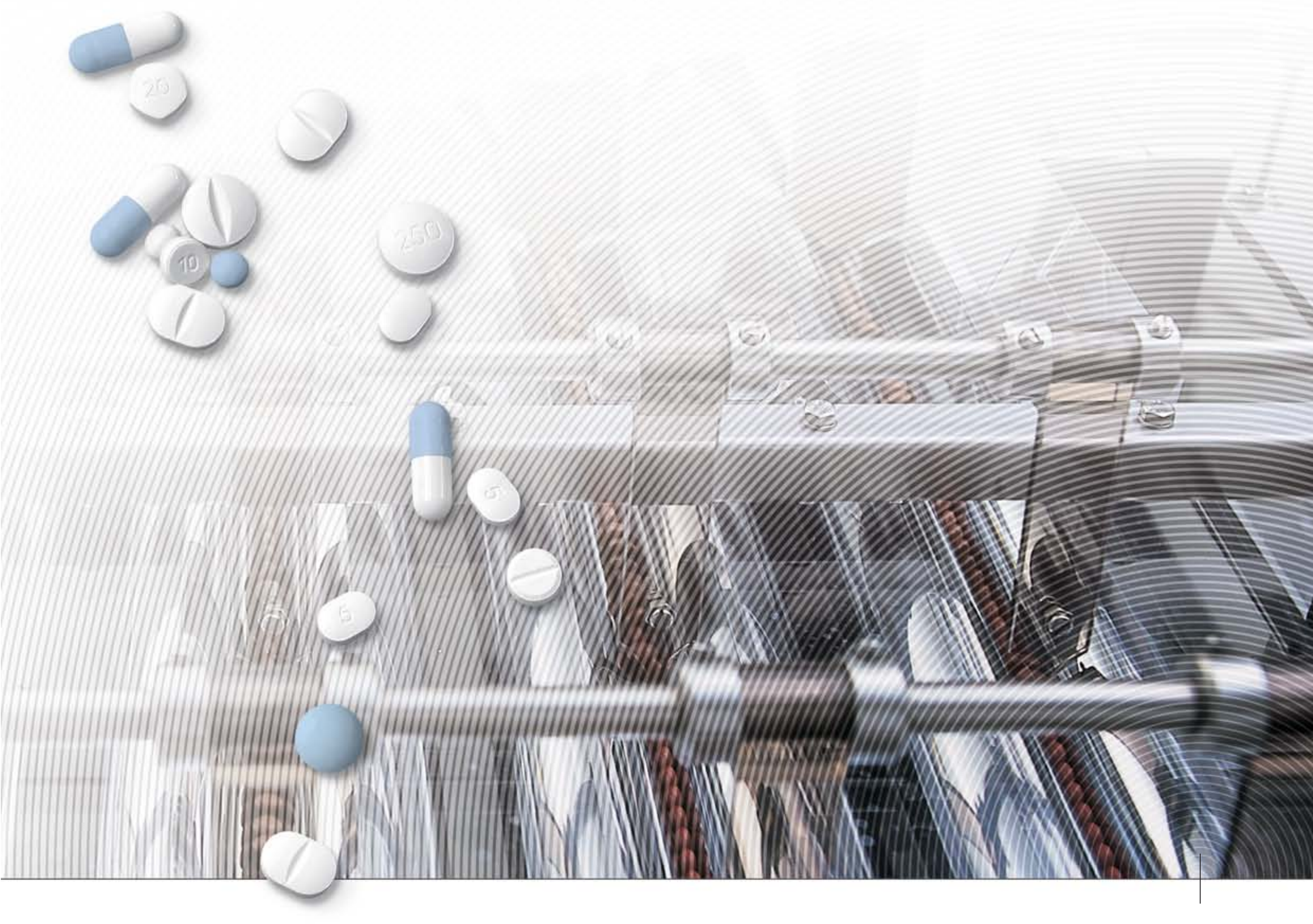
In the **EU 9** region sales totalled EUR 69.7 million in 2008, 4.3 percent higher in Euro terms than for the same period of the previous year. This area represented 27 percent of the EU region sales of the Group's total pharmaceutical segment.

The above performance in this region was achieved under difficult circumstances. The Group continued to face strong competition and sustained pressure from governments which has resulted in both lower prices and reimbursement levels year by year.

Despite the slowdown in economic growth, the **Czech Republic's** economy was still one of the strongest in Central and Eastern Europe. Richter's turnover in this country in 2008 amounted to EUR 23.6 million, virtually flat when compared to the sales levels achieved in 2007. The reported slight 0.4 percent decline, which was primarily due to the discontinuation of the distribution of the licensed-in AVONEX as of June 2008, was partly offset by good growth recorded across the product portfolio, primarily in the range of oral contraceptives.

Overall, the economic growth rate in **Slovakia** remained one of the fastest expanding in the EU, giving room for growing internal demand which helped pharmaceutical sales and provided compensation for the tightened reimbursement rules. The discontinuation of the licensing agreement of AVONEX also affected sales levels in Slovakia, where turnover amounted to EUR 20.4 million in 2008, representing a slight, 0.5 percent year on year increase. Good performance reported for MYDOCALM, ESCAPELLE, MOLLOME and AFLAMIL offset the forgone revenues of the AVONEX distribution.

In the **Baltic States** sales amounted to EUR 14.5 million in 2008, mainly due to good performance of the licensed-in AVONEX which continues in this market. In **Bulgaria** sales totalled EUR 10.9 million in 2008 representing an 18.9 percent increase over 2007. Sales growth reflected a strong performance by CAVINTON and ESCAPELLE.



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 2008.

NEW PRODUCTS LAUNCHED IN CENTRAL AND EASTERN EUROPE DURING 2008

Country	Brand name	Active ingredient	Therapeutic area	Launch date
Poland	JARVIS *	venlafaxine	CNS, antidepressant	Quarter I, 2008
	AZALIA	desogestrel	Gynaecology, oral contraception	Quarter II, 2008
	NANTARID *	quetiapin	CNS, antipsychotic	Quarter III, 2008
	TYSABRI *	natalizumab	Sclerosis multiplex	Quarter III, 2008
	LARUS *	atorvastatin	Cardiovascular, cholesterol-lowering	Quarter IV, 2008
	PROTEVASC	trimetazidine	Cardiovascular	Quarter IV, 2008
Czech Republic	LEKOPROST	finasteride	Benign prostrate hypertrophy	Quarter I, 2008
	AZALIA	desogestrel	Gynaecology, oral contraception	Quarter I, 2008
	URO-VAXOM *	lyophilized Escherichia Coli	Urinary infection	Quarter II, 2008
	DOXIUM *	calcium dobesilate	Cardiovascular, vasoprotective	Quarter I, 2008
Slovakia	AZALIA	desogestrel	Gynaecology, oral contraception	Quarter I, 2008
	ESCAPELLE	levonorgestrel	Gynaecology, emergency contraception	Quarter I, 2008
	NANTARID *	quetiapin	CNS, antipsychotic	Quarter II, 2008
Latvia	NANTARID *	quetiapin	CNS, antipsychotic	Quarter II, 2008
	AZALIA	desogestrel	Gynaecology, oral contraception	Quarter II, 2008
Lithuania	NANTARID *	quetiapin	CNS, antipsychotic	Quarter II, 2008
	AZALIA	desogestrel	Gynaecology, oral contraception	Quarter II, 2008
Romania	SPORILIN	itraconazol	Antifungal	Quarter III, 2008
	TINERIL	glimepirid	Antidiabetics	Quarter III, 2008
	VALZER	meloxicam	Non-steroid antiinflammatory	Quarter IV, 2008

* Note: licensed-in products.

The expansion of our business in the **'traditional' 15 EU Member States** became a primary objective for Richter as early as the mid 1990's. While commercial affiliate companies have been established in several countries, sales continue to be made via partner companies. In the absence of an adequate sales force and critical mass it is not currently our intention to establish our own distribution and marketing networks. The primary focus of the Group is on the expansion of its gynaecological business and an increase in generic sales, i.e. to prepare for upcoming product patent expiries.

In the 'traditional' 15 EU Member States sales amounted to EUR 68.2 million in 2008, 8.4 percent higher in Euro terms than in the previous year. This region contributed 27 percent of total EU pharmaceutical sales in 2008.

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.

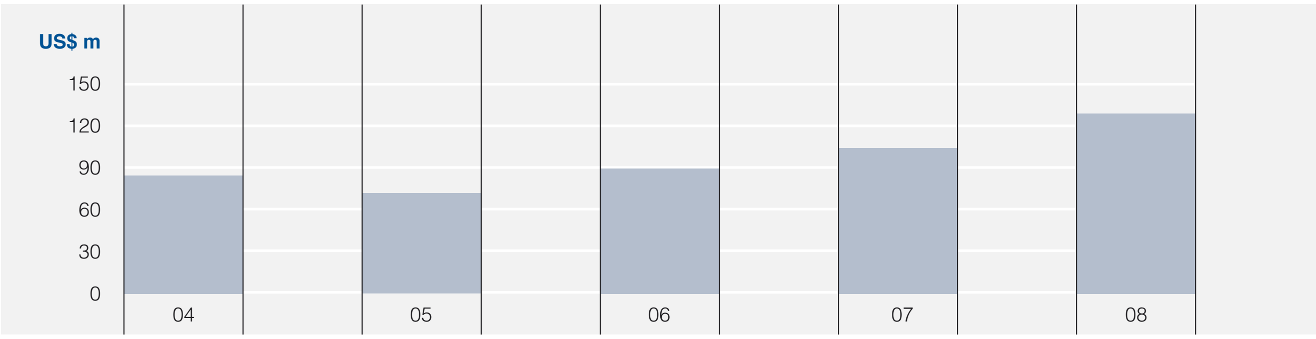
In **Germany** Richter Group reported sales of EUR 24.3 million representing an 19.1 percent increase compared with the turnover of 2007. Sales growth was mainly attributable to revenues received by Richter-Helm BioLogic first included in the consolidation during the last quarter 2007. In **France** the Group's turnover amounted to EUR 18.7 million in 2008, which represented a 6.2 percent increase when compared to the previous year. Sales of certain oral contraceptives improved significantly.

USA

Sales in the **USA** totalled US$ 130.9 million (EUR 89.3 million) in 2008, an increase of 23.0 percent (15.1 percent in Euro terms) when compared to the previous year. Increasing competition and price erosion in the case of mature products led to an accelerating decline in the sales levels of our APIs which in US$ terms was more than offset by a slight increase in sales of our finished form emergency contraceptive, PLAN B and by a strong contribution from the profit sharing agreements with Barr Laboratories Inc.

Sales of gynaecological products represented 84 percent of US sales including the revenue associated with the profit sharing related to drospirenone.

SALES TO THE USA



REST OF THE WORLD

Sales in these countries amounted to US$ 71.5 million (EUR 48.7 million) in 2008, an increase of 14.8 percent (7.3 percent in EUR terms) when compared to 2007. The increase was attributable to the dynamically growing export of finished form products, particularly oral contraceptives and PANANGIN.

Considerable growth was achieved in **China** with revenues of EUR 3.6 million in the twelve months to December 2008, although from a low base. Sales also increased substantially in **Vietnam** and **Serbia**. In these countries turnover in 2008 amounted to EUR 7.5 million and EUR 2.6 million respectively. In **Japan** turnover amounted to US$ 5.5 million during 2008, a decrease over the previous year due to lower levels of API shipments.

WHOLESALE AND RETAIL ACTIVITY

Richter Group is active in two business segments, primarily pharmaceuticals comprising the research and development, manufacturing and marketing of pharmaceutical products, and in addition the Group is also engaged in the wholesale and retail of these products. The 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 158 pharmacy units which supports the promotion and sale of Richter products.

WHOLESALE AND RETAIL SALES

	2008	2007	Change	2008	2007	Change
	HUF m	HUF m	%	EUR m	EUR m	%
Hungary	269	16,473	-98.4	1.1	65.7	-98.3
Romania	36,743	19,198	91.4	146.2	76.4	91.4
EU15	0	46	-100.0	0.0	0.2	-100.0
CIS	1,547	4	n.a.	6.2	0.0	n.a.
Rest of the World	0	3	-100.0	0.0	0.0	n.a.
Total	**38,559**	**35,724**	**7.9**	**153.5**	**142.3**	**7.9**

In Hungary in the twelve months to December 2008 sales levels amounted to HUF 269 million, a decrease of HUF 16,204 million on that reported in 2007 almost entirely due to the sale of Richter's 50 percent stake in Medimpex Gyógyszer-nagykereskedelmi Zrt. In Romania turnover of this business segment increased in the twelve months to December 2008 to EUR 146.2 million when compared to EUR 76.4 million reported in the previous year. The inclusion in the consolidated results for the Group of certain wholesaler and retail units acquired during 2007 were the main reasons for the reported growth.

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 800 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.

Proprietary research activities are focused exclusively on compounds for the diseases of the central nervous system (CNS), primarily on schizophrenia, mania, depression, anxiety and chronic pain. The Company has a portfolio of 18 ongoing projects, of which two are in clinical phase II trials and three are in clinical phase I. The remainder are in the preclinical phase. At the end of 2008 the clinical portfolio was the following:

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

Positive results of Phase II clinical trials of RGH-188 in the indication of bipolar mania were published during 2008. The ongoing Phase II/b trials of the same compound for shcizophrenia are expected to be completed in the second half of 2009.

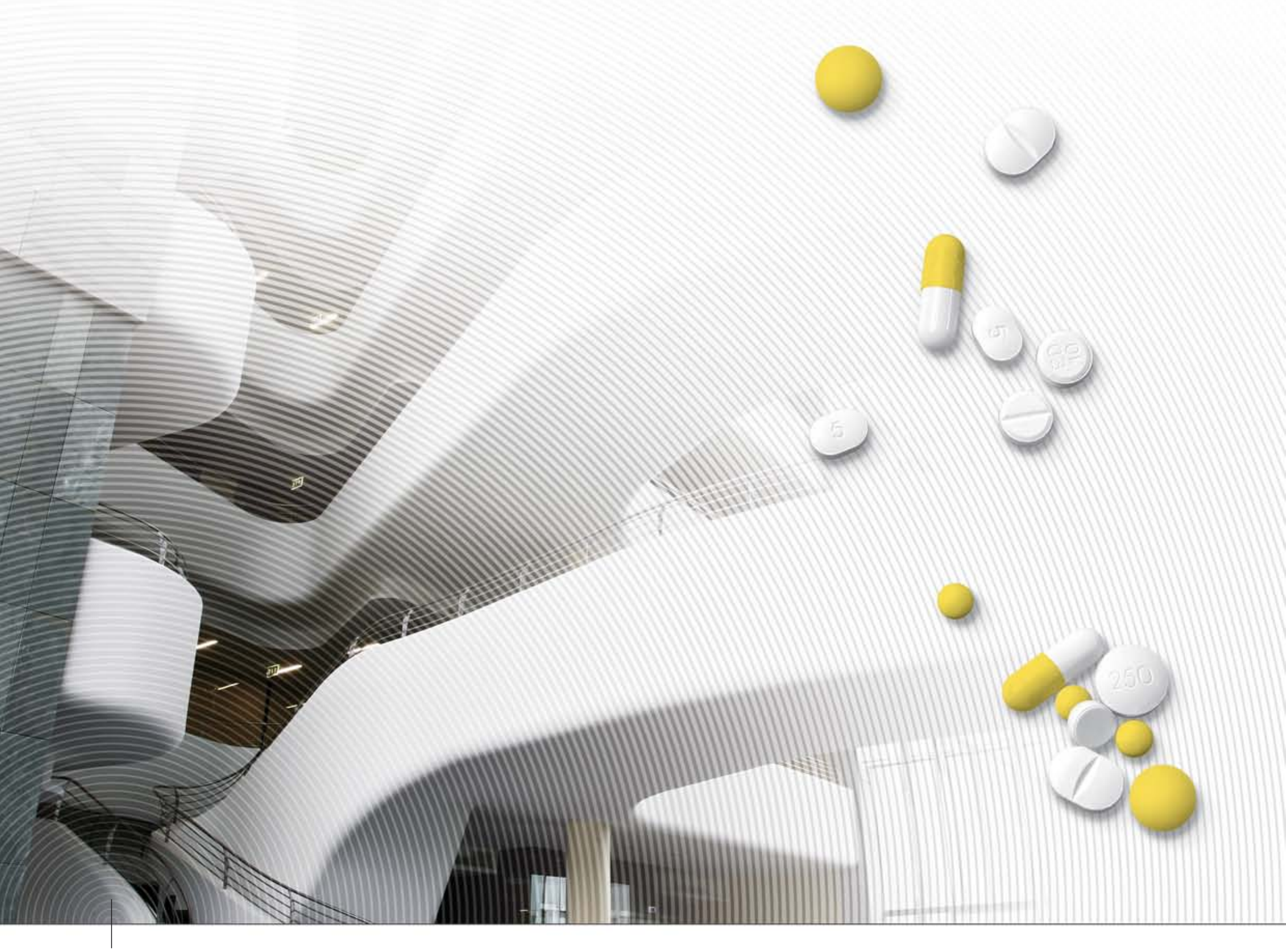
Following the gradual restructuring between 1998 and 2004 of our research activities targeting NCEs and a comprehensive modernisation of our technical infrastructure and laboratories, it can be confidently stated that the Company has established the most up to date research centre in the region. Based 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. In order to make a great step forward Gedeon Richter Plc. jointly with Helm AG acquired the Hamburg based Strathmann Biotec GmbH, a highly experienced company in the field of development and manufacturing microbial proteins. The acquired company with 80 employees possesses an R&D laboratory, a pilot plant and a manufacturing unit, all of which meet the highest quality standards. In addition, construction of a biotechnology pilot plant in Budapest also started during 2007 and is expected to be operational in 2009. Meanwhile a greenfield investment has commenced in Debrecen which incorporates the building of a manufacturing unit for mammalian cell product development. According to construction plans this unit is expected to start its operations during 2012.

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 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.

Development work in several therapeutic areas continued in 2008 at the Parent company and at its two subsidiaries in Poland and Romania, all of which is coordinated by the Director of Development of Richter. 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 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 2008 our female healthcare product portfolio, launching the third generation desogestrel containing oral contraceptive, AZALIA in Hungary and in most of the CEE region, namely in Poland, Czech Republic, Slovakia and the Baltic States. The CNS, donepezil containing PALIXID and the cardiovascular, indapimide containing NARVA was also introduced in Hungary. In addition, the Company launched a number of licensed-in products on its various markets during the year including the narcotic analgesic fentanyl containing DOLFORIN in Hungary, the cardiovascular, atorvastatin containing LARUS and the multiple sclerosis TYSABRI in Poland and the CNS quetiapin containing NANTARID in Hungary, Poland, Slovakia and the Baltic States.

The Group reported in 2008 a slight 1.9 percent increase in its spending on research and development which totalled HUF 18,402 million (EUR 73.2 million), representing 7.8 percent of consolidated sales.

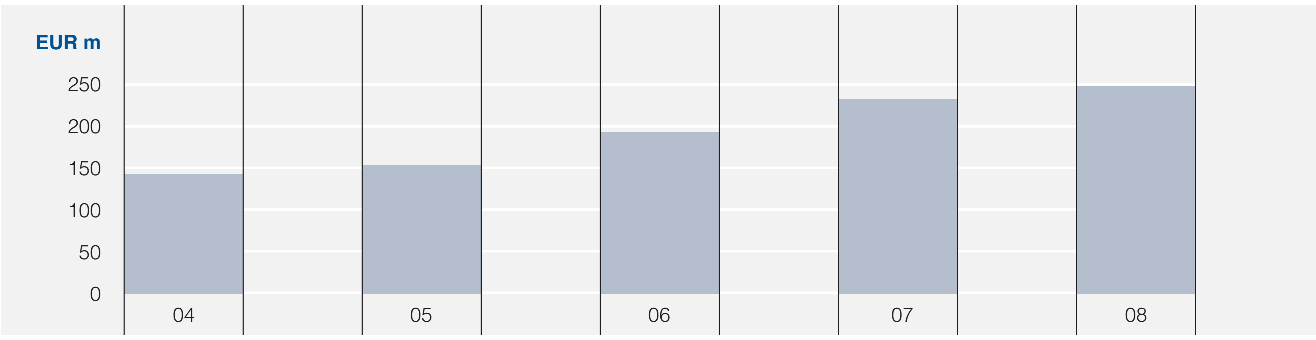


FEMALE HEALTHCARE

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, himself 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. As a result of a key element of the Company's strategy has been and remains the development of its gynaecological business. This therapeutic area represented 31 percent of the Group's pharmaceutical turnover in 2008 and increased by 7 percent in EUR terms when compared to 2007. 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, 29 percent of turnover in the EU region and 84 percent of total US sales during 2008.

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 3 percent in Russia, 9 percent in Romania, 14 percent in Poland, 16 percent in Slovakia, 20 percent in Hungary and 36 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 area by our Company. Being one of the largest pharmaceutical players in the region of CEE and CIS, management considers these markets as 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 2008. AZALIA, a third generation, desogestrel containing oral contraceptive was introduced in Hungary, the Czech Republic, Slovakia, Poland, the Baltic States and Denmark.

The range of contraceptive products was one of the key drivers of growth in Ukraine and the other CIS republics, in Poland, the Czech Republic and Slovakia. Richter's main strategic partner for API sales is the US based Barr Laboratories, Inc. (now acquired by TEVA), 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 Barr's range of oral contraceptive products. Richter supplies also the emergency contraceptive PLAN B in finished form to Barr and this product also showed good results in 2008. In addition, Richter also signed a profit sharing agreement with Barr in respect of drospirenone, and related turnover contributed to the Company's sales levels achieved in 2008.

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. Richter will market the product in most if its Central and Eastern European markets. The product is currently under registration.

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 can have a potentially 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 in two HRT patches, which ease women's life and provide a safe and comfortable solution for their menopause problems.

For the treatment of osteoporosis the alendronate containing OSTALON was introduced in Russia during 2008.

MAIN GYNAECOLOGICAL PRODUCTS OF RICHTER

Brand name	Active ingredients	Product type	Regions where launched [1]
LINDYNETTE	gestodene + ethinyl estradiol	Third generation oral contraception	Hungary; CIS; EU; Other countries
REGULON	desogestrel + ethinyl estradiol	Third generation oral contraception	Hungary; CIS; EU; Other countries
NOVYNETTE	desogestrel + ethinyl estradiol	Third generation oral contraception	Hungary; CIS; EU; Other countries
AZALIA	desogestrel	Third generation oral contraception	Hungary; EU; Other countries
MILLIGEST	gestodene + ethinyl estradiol	Third generation oral contraception	Hungary; EU
RIGEVIDON	levonorgestrel + ethinyl estradiol	Second generation oral contraception	Hungary; CIS; EU; Other countries
TRI-REGOL	levonorgestrel + ethinyl estradiol	Second generation oral contraception	Hungary; CIS; EU; Other countries
ESCAPELLE (LEVONELLE ONE STEP in the EU)	levonorgestrel	Emergency contraception	Hungary; CIS; EU; Other countries
POSTINOR (RIGESOFT in Hungary, LEVONELLE-2 in the EU, PLAN B in the USA)	levonorgestrel	Emergency contraception	Hungary; CIS; EU; USA; Other countries
TULITA	estradiol + norethisterone	Hormone replacement therapy	Hungary
FEMSEVEN COMBI [2]	estradiol + levonorgestrel	Hormone replacement therapy (patch)	Hungary; EU
FEMSEVEN [2]	estradiol	Hormone replacement therapy (patch)	Hungary; EU; Other countries
TRIAKLIM	estradiol + norethisterone	Hormone replacement therapy	Hungary; CIS; EU
ESTRIMAX	estradiol	Hormone replacement therapy	Hungary; CIS; EU
PAUSOGEST	estradiol + norethisterone	Hormone replacement therapy	Hungary; CIS; EU; Other countries
GYNAZOL [2]	butoconazole	Antifungal (cream)	Hungary; CIS; EU; Other countries
MYCOSYST GYNO	fluconazole	Antifungal	Hungary; CIS; EU; Other countries
SEDRON	alendronate	Osteoporosis	Hungary; EU; CIS
CALCISEDRON-D	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 to be a branded generic pharmaceutical manufacturer. Whilst the dominant part of its turnover originates from generic drugs the Group also manufactures and markets the steroid based pharmaceuticals which represent a special, higher margin group of products. The separate section on Female healthcare describes our gynaecological products in details. Over the last decade this niche portfolio has contributed substantially to both the increase of sales and 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.

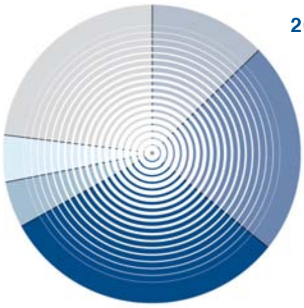
Gedeon Richter is a regional mid-sized pharma company with a vertically integrated structure. This is based on a good market position with geographic and therapeutic niches supported by continuous enhancement of supply of specialties partly via licensing agreements. Licensing-in is becoming an increasingly 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.

MAIN LICENCING-IN PARTNERS OF RICHTER

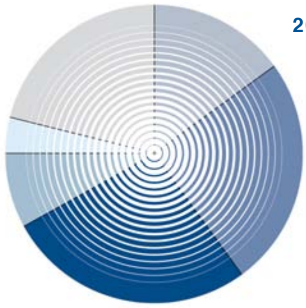
Company	Country	Product	Therapeutic area
Biogen Idec	USA	AVONEX, TYSABRI	Multiple sclerosis
KV Pharmaceutical	USA	GYNAZOL, CLINDESSE	Gynaecology, antifungal, antibacterial
Almirall Prodesfarma	Spain	AFLAMIN	Antiinflammatory
Merck KGaA	Germany	FEMSEVEN, FEMSEVEN COMBI, FEMSEVEN EVO	Gynaecology, hormone replacement therapy
Takeda	Japan	LANSONE	Gastrointestinal, antiulcer
Astellas	Japan	SUPRAX	Antibiotic
Janssen	Belgium	several products	CNS, Antifungal, Antibacterial
Sanofi-Aventis	France	TARIVID	Antibiotic
Helm	Germany	several products	Oncology, opioid analgesic

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 2008 originate from the three largest therapeutic categories. Gynaecological, cardiovascular and central nervous system products together generated 67 percent of total pharmaceutical sales.

PRODUCTS BY THERAPEUTIC GROUP



2008	
Central Nervous System	13%
Cardiovascular	23%
Gynaecology	31%
Gastrointestinal	5%
Muscle relaxants	5%
Other	23%



2004	
Central Nervous System	15%
Cardiovascular	25%
Gynaecology	27%
Gastrointestinal	8%
Muscle relaxants	4%
Other	21%

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 substantially in 2008, mainly due to an excellent performance in Bulgaria. The licenced-in venlafaxine containing antidepressant JARVIS could also boast of good results despite it being a new launch in certain Eastern European markets. Good sales increases were also achieved by GORDIUS, a gabapentin containing product for the treatment of neuropathic pain primarily in Hungary. The dynamic sales growth the antiepileptic LAMOLEP (lamotrigine) was attributable to its good performance on the Hungarian market.

After a slight contraction in 2007, **cardiovascular drugs** again produced an above average sales growth in 2008, accounting for 23 percent of total pharmaceutical sales. While the leading product of the Group remained LISOPRESS (lisinopril), the greatest increase was achieved by PANANGIN (asparaginates) and the lisinopril and amlodipine containing combination product LISONORM, both of which realised most of their sales growth in the CIS markets. Cholesterol-lowering drugs containing simvastatin (SIMVACHOL, SIMVASTOL and ZEPLAN) also showed positive results, particularly in Russia and Poland. Turnover of NORMODIPINE (amlodipine) continued to shrink following further price reductions in the domestic market.

Gastrointestinal products represented 5 percent of total pharmaceutical sales led by the H_2-blocker QUAMATEL (famotidine). Unfortunately, a considerable decline in the turnover of this product in Russia and Hungary was only partially offset by the sales growth of NIFUROKSAZYD (nifuroxazide) in the Ukraine.

Muscle relaxant drugs amounted to 5 percent of the total pharmaceutical revenue of the Group in 2008, following a substantial year on year increase. The most significant growth was achieved by our original product MYDETON (tolperisone), primarily in Russia and Poland.

The sales of **antifungal** products such as TERBISIL (terbinafine) and MYCOSYST (fluconazole) declined in 2008. In the case of the TERBISIL the decline was a consequence of lower sales levels reported in Russia, while turnover of MYCOSYST decreased primarily in Germany.

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 2008. Several own developed new generic products were launched on the market including the antifungal SPORILIN (itraconazol) and antidiabetic TINERIL (glimepirid) in Romania, the osteoporosis drug OSTALON (alendronate) and SONIZIN (tamsulosine) for the treatment of benign prostate hypertrophy in Russia and the cardiovascular PROTEVASC (trimetazidine) in Poland.

TOP 10 PRODUCTS

Brand name	Active ingredient	Therapeutic area	2008	2007	Change	
			HUF m	HUF m	HUF m	%
Oral contraceptives	hormones	Gynaecology	46,210	50,344	-4,134	-8.2
EDNYT / LISOPRESS	enalapril / lisinopril	Cardiovascular, antihypertensive	18,778	18,417	361	2.0
CAVINTON	vinpocetine	CNS	17,544	16,845	699	4.1
MYDETON / MYDOCALM	tolperisone	Muscle relaxant	9,555	7,873	1,682	21.4
VEROSPIRON	spironolactone	Cardiovascular, diuretic	7,717	7,459	258	3.5
QUAMATEL	famotidine	Gastrointestinal, antiulcer	6,645	8,074	-1,429	-17.7
PANANGIN	asparaginates	Cardiovascular	5,670	4,322	1,348	31.2
NORMODIPINE	amlodipine	Cardiovascular, antihypertensive	5,203	6,063	-860	-14.2
TERBISIL	terbinafine	Antifungal	4,710	5,052	-342	-6.8
MYCOSYST	fluconazole	Antifungal	4,500	4,862	-362	-7.4
Subtotal			**126,532**	**129,311**	**-2,779**	**-2.1**
Other			75,170	62,181	12,989	20.9
Total			**201,702**	**191,492**	**10,210**	**5.3**

PRODUCTION

The Group's overall sales levels in 2008 were slightly higher compared with the levels recorded in 2007 resulting from a mixed picture on our international markets combined with the negative impact of the economic and drug market environment in Hungary.

In line with the overall pharmaceutical sales growth reported by the Group, the volumes of finished products showed a moderate year on year increase in 2008. At all of our manufacturing units in the CEE and CIS region manufacturing of new products commenced during 2008.

The volumes of API manufacturing declined in 2008 when compared to the high base recorded in 2007. The year on year decrease was primarily due to the lower sales levels of generic APIs in the USA market, notably a decline in lisinopril, finasterid and spironolacton turnover. This was further impacted by a lack of any drospirenone shipments following the Bayer-Schering – Barr agreement, published on 24 June 2008.

Following investments made at our subsidiary Richter Themis in India, is not only able to manufacture intermediates, but now also can produce active pharmaceutical ingredients. Construction of a pilot plant was commenced during 2008.

According to the management's decision made back in 2007 in respect of reducing the total capital expenditure spending of the Group, no major investment programmes were started during 2008 except for the investments initiated in biotechnology. However in order to meet the highest quality standards the modernization of the granulator and homogenizer equipment used for formulation of finished dosage form products was commenced and an upgraded air conditioning system has been installed in the injection plant in 2008.

Richter has always paid special importance to offer reliable and modern products at affordable prices. 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 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

Richter Group has always maintained a reputation of a group that pays particular attention to social and environmental standards. The health and welfare of society are highly dependent on the quality of products produced by pharmaceutical manufacturers and on innovation activity carried out by such companies. Not only the patient but our whole society and national economy benefits from new products of higher quality which help people maintain their health and physical and mental condition. We strive to offer efficient and affordable treatment options and in doing so we need the active support of healthcare policy makers. Environmental responsibility has equal importance in our activities. Consuming a wide range of potentially hazardous chemicals, and conducting activities which result in the emission of materials with a safe but certain environmental load, Richter Group considers environmental standards as key important issues.

We are subject to extensive regulation in the field of quality and the environmental, together with the health and safety matters in the wide range of countries where we manufacture and market our products. Our aim is to set and maintain high standards in respect of social responsibility worldwide ensuring that all members of the Richter Group meet both national and international legal requirements. In line with these standards we pay particular attention to creating a safe workplace environment. Continually improving 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 System at the Company meets all requirements of ISO 14001:2004 standards. We are pleased to report that the regular audit was successfully completed during 2008. Reconstruction of the ageing waste water pre-treatment plant and the solvent recovery system applied to the vents of the final processing unit at certain of our Budapest plant was completed during the year. In addition a project related to the enhancement of the fire reserve tanks was also finalised. The installation of charging units for solids and liquids assuring production in a closed system continued at our facilities in Dorog, while the rainwater sewage system was completed during 2008. Review of the action plan for the reduction of noise pollution is a continous activity and it is upgraded on a regular basis.

The Company continues to make progress on the harmonisation 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 the follow-up audit with the more stringent criteria of OHSAS 18001:2007 was successfully completed in 2008.

COMMUNITY INVOLVEMENT

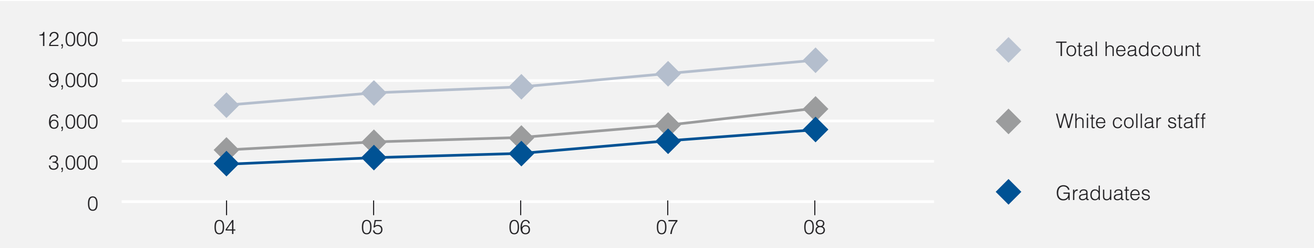
Gedeon Richter has always been aware of the importance of community involvement. We recognise that as a leading pharmaceutical manufacturer and employer in Hungary it is our responsibility to maintain dialogue with society at large and with those who have an interest in the Company's activities. In this respect Gedeon Richter supports projects in the areas of healthcare, science, education and environmental control in line with its target for improving health and the quality of life. 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. 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. We need to attract, recruit and retain the most talented employees to help us maintain high levels of innovation and strong business growth.

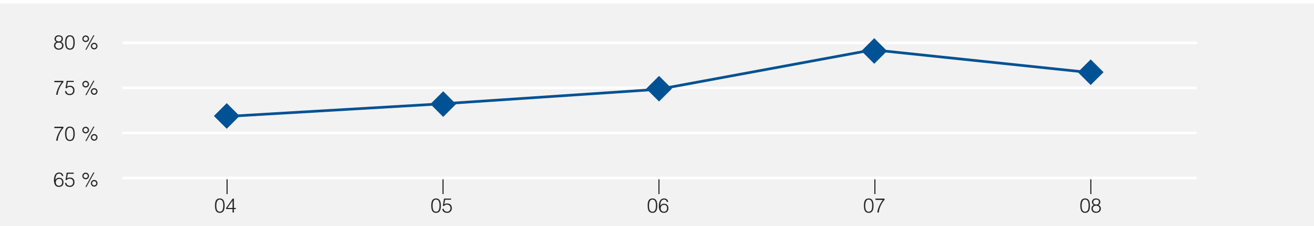
EMPLOYEES

NUMBER OF STAFF



The total headcount for the **Group** was 10,527 at the end of 2008, a 10 percent increase when compared with 2007, as a result of inclusion in the consolidation of wholesale and retail companies.

PROPORTION OF GRADUATES *



* Note: Within the white collar staff.

The proportion of skilled employees at the **Group** increased by 823 to 5,319 at the end of 2008, from 4,496 reported in 2007. The graduate educated personnel represented 77 percent of white collar staff and 51 percent of total number of employees at the Group.

The total headcount for the **Parent Company** was 6,174 at the end of 2008, a slight decrease of 20 during the year. In Hungary Gedeon Richter's headcount totalled 4,624, a decrease of 206 when compared with 2007.

The proportion of skilled employees at the **Parent Company** in 2008 remained virtually unchanged to that in 2007. Richter employed 3,003 graduate educated personnel at the end of 2008 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 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. 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 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 compensation decisions. It is pleasing to report that this practice has been increasingly used and has become a well received performance appraisal method within the Company.

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 2008 to support employees to participate in university education, including PhD courses. The new form of education – e-learning, which was first established at the Company a few years ago, was developed further during 2008. It is intended to expand this still further to those areas and subjects which benefit from this new method of education.

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.

Management training programmes continued in 2008 and involved all managers of the Company both at middle and senior levels. Alternative programmes were available to staff to choose either to increase a capability or to take up new and special skills. 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 2008. It is pleasing to report that approximately 20 percent of the participants were promoted to new management positions during the development programme. Additionally new candidates were admitted to this programme in every year.

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 2008. 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 policy of the Group and identification of those areas, which may be the subject for further development.

KEY FINANCIAL DATA

	2008	2007	Change	2008	2007	Change
	HUF m	HUF m	%	EUR m	EUR m	%
Total sales	236,518	224,076	5.6	941.6	892.0	5.6
Gross profit	128,097	119,697	7.0	509.9	476.5	7.0
Gross margin %	**54.2**	**53.4**		**54.2**	**53.4**	
Profit from operations	34,156	36,283	-5.9	136.0	144.4	-5.8
Operating margin %	**14.4**	**16.2**		**14.4**	**16.2**	
Profit before taxation	43,453	35,780	21.4	173.0	142.4	21.5
Profit after taxation	41,577	33,971	22.4	165.5	135.2	22.4
Profit for the year	41,410	33,336	24.2	164.8	132.7	24.2
Net margin %	**17.5**	**14.9**		**17.5**	**14.9**	
EPS (HUF, EUR)*	2,222	1,789	24.2	8.85	7.12	24.2

Total assets and total equity and liabilities	384,133	347,963	10.4	1,452.3	1,373.2	5.8
Shareholders' equity	336,499	306,183	9.9	1,272.2	1,208.3	5.3
Capital expenditure	22,010	23,197	-5.1	87.6	92.3	-5.1

Number of employees at year-end	10,527	9,528	10.5

* Note: EPS calculations were based on the total number of shares issued.

GROSS PROFIT

Gross profit totalled HUF 128,097 million (EUR 509.9 million) in 2008 compared with HUF 119,697 million (EUR 476.5 million) in 2007.

Gross margin at 54.2 percent in 2008 slightly increased compared to the previous year. Positive effects of new product launches were partly offset by the increasing generic competition and the adverse impact of the global financial crisis.

OPERATING EXPENSES

Sales and marketing expenses amounted to HUF 51,921 million (EUR 206.7 million) during 2008, a 19.9 percent increase both in HUF and Euro terms when compared with 2007. Their proportion to sales was 22.0 percent.

Administrative and general expenses totalled HUF 15,965 million (EUR 63.5 million) during 2008, representing a 7.1 percent increase both in HUF and Euro terms when compared with the levels recorded in the previous year.

Research and Development costs represented 7.8 percent of sales and amounted to HUF 18,402 million (EUR 73.2 million) during the reported period.

Other income and other expenses, the balance of which was on the cost side during the twelve months to December of both 2008 and 2007, increased from HUF 7,143 million (EUR 28.5 million) to HUF 7,653 million (EUR 30.5 million). Expenses were increased as a consequence of an impairment loss as at 31 December 2008 in the amount of approximately HUF 500 million on certain Romanian pharmacy units. Similarly an impairment loss was accounted on Ukrfarm, in the amount of approximately HUF 350 million.

PROFIT FROM OPERATIONS

In 2008 profit from operations at HUF 34.156 million declined by HUF 2,127 million (5.9 percent) from the HUF 36,283 million reported for 2007. In Euro terms it totalled EUR 136.0 million a reduction of EUR 8.4 million (5.8 percent) compared to EUR 144.4 million achieved in 2007. Operating margins for the reported period were 14.4 percent compared with 16.2 percent in 2007. The year on year decline was primarily due to losses generated from wholesale and retail segment.

NET FINANCIAL INCOME

	2008	2007	Change	2008	2007	Change
	HUF m	HUF m	HUF m	EUR m	EUR m	EUR m
Unrealised financial items	**2,391**	**-2,039**	**4,430**	**9.5**	**-8.1**	**17.6**
Reassessment of currency related trade receivables and trade payables	202	-659	861	0.8	-2.6	3.4
Reassessment of currency loans	-57	-1,202	1,145	-0.2	-4.8	4.6
Reassessment of other currency related items	1,007	-178	1,185	4.0	-0.7	4.7
Result of unrealised forward exchange contracts	1,239	-	1,239	4.9	-	4.9
Realised financial items	**6,003**	**801**	**5,202**	**23.9**	**3.2**	**20.7**
Result of realised forward exchange contracts	232	429	-197	0.9	1.8	-0.9
Exchange gains / losses realised on trade receivables and trade payables	1,562	-2,454	4,016	6.2	-9.8	16.0
Exchange gains / losses on conversion	629	-195	824	2.5	-0.8	3.3
Dividends	78	70	8	0.3	0.3	-
Net interest income	3,152	2,797	355	12.6	11.1	1.5
Other	350	154	196	1.4	0.6	0.8
Net financial income	**8,394**	**-1,238**	**9,632**	**33.4**	**-4.9**	**38.3**

Net financial income in 2008 totalled HUF 8,394 million (EUR 33.4 million), reflecting a significant increase of HUF 9,632 million (EUR 38.3 million) when compared to a net financial loss of HUF 1,238 million (EUR 4.9 million) reported in 2007.

The significant net financial income reported arose mostly due to realised financial items such as net interest income and exchange gains on trade receivables / trade payables, and partly due to the unrealised amount of combined reassessments (HUF 1,152 million) and partly to unrealised forward exchange contracts concluded in the fourth quarter of 2008 and reassessed at 31 December 2008 (HUF 1,239 million).

A weakening of the HUF and a strengthening of the US$ in the second half of 2008 had a positive impact on the Company's profits including financial income. Fluctuations of exchange rates are shown in the following table:

EXCHANGE RATE MOVEMENTS

	31 December 2007	31 March 2008	30 June 2008	30 September 2008	31 December 2008
EUR / HUF	253.40	259.30	235.85	243.95	264.50
US$ / HUF	172.57	164.05	148.92	170.45	188.47

Net interest income amounted to HUF 3,152 million (EUR 12.6 million) in 2008 when compared with HUF 2,797 million (EUR 11.1 million) achieved in 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 for the next few years. 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 is 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 1,378 million in 2008. In addition the Group reported a HUF 498 million income and deferred tax.

MINORITY INTEREST

Minority interest in the reported year totalled HUF 167 million (EUR 0.7 million) when compared to the HUF 635 million (EUR 2.5 million) recorded in 2007. The decline was the result of the remaining state ownership of GZF Polfa acquired by Richter during 2008.

PROFIT FOR THE YEAR

Profit for the year increased by HUF 8,074 million (EUR 32.1 million) during 2008 to HUF 41,410 million (EUR 164.8 million). It represented 17.5 percent of sales compared with the 14.9 percent reported in 2007. Net profit was positively impacted by net financial income in 2008.

BALANCE SHEET

Total assets and total equity and liabilities of the Group amounted to HUF 384,133 million at 31 December 2008, HUF 36,170 million, or 10.4 percent higher than that reported at 31 December 2007.

Non-current assets amounted to HUF 171,057 million at 31 December 2008, 2.5 percent lower than the level reported at 31 December 2007. The reduction is a result of reclassification of certain items as being Current assets and of the reassessment at the end of the year of those elements of Property, plant and equipment that were accounted for in a foreign currency.

Current assets amounted to HUF 213,076 million and increased by HUF 40,600 million (23.5 percent) when compared to the level reported at 31 December 2007 mainly due to higher levels of Investments in securities and Trade receivables.

Capital and reserves of the Group amounted to HUF 336,499 million, an increase of HUF 30,316 million over the balance as at 31 December 2007.

Current liabilities of the Group at HUF 43,748 million on 31 December 2008 were 37.3 percent higher than at 31 December 2007 mainly due to a higher level of Trade payables.

CASH FLOW

	2008	2007
	HUF m	HUF m
Net cash flow		
From operating activities	42,417	47,736
From investing activities	-35,429	-30,931
From financing activities	2,131	-18,137
Effect of foreign exchange rate changes	-1,494	-45
Change in cash and cash equivalents	**7,625**	**-1,377**

As indicated by the cash flow statement, during 2008 the Group generated net cash from operating activities of HUF 42,417 million (EUR 168.9 million). This lower level of cash from operating activities when compared with the previous year was more than offset by improving cash flow originating from financing activities. Albeit below their 2007 levels, important amounts of cash were directed towards capital expenditure and payment of dividends. Overall, cash increased by HUF 7,625 million in 2008.

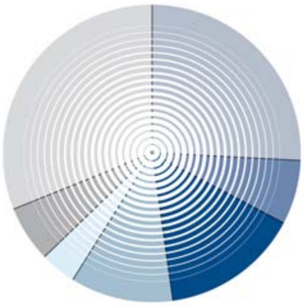
CAPITAL EXPENDITURE

Capital expenditure combined with intangible assets in 2008 totalled HUF 22,010 million (EUR 87.6 million), compared to HUF 23,197 million (EUR 92.3 million) reported for 2007. Responing to the adverse business environment in Hungary, Richter has deliberately reduced capital expenditure in 2007 and 2008 nevertheless not compromising its high manufacturing standards. In line with the above important equipment replacements occurred at the injectables plant and at the tabletting facilities in Budapest. A number of projects were undertaken with the aim to enhance environmental protection and the safety of manufacturing processes both at the Budapest and Dorog sites of the Parent Company.

Among the capital expenditures carried out at Group level a warehouse expansion at the Russian manufacturing unit as well as a laboratory and a pilot plant capable to run R&D projects requiring isolated conditions at our Romanian subsidiary were the most noteworthy developments during 2008.

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 decided to enter 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. Related small scale fermentation units were completed during 2008 in Budapest, while the laboratory is expected to be completed during the second half of 2009. The construction of the manufacturing plant commenced in late 2008 in Debrecen. The plant is expected to be operational in 2012.

CAPITAL EXPENDITURE ANALYSED BY FUNCTION IN 2008



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 approximately 80 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 and option contracts used for hedging purposes are employed.

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

Whilst no forward exchange contracts were in effect at the end of 2007 and at 30 September 2008, respectively, in both the last quarter of 2008 and in January 2009 Richter opened new forward exchange positions in order to minimise the US$/HUF and EUR/HUF exchange risks for the period ending 31 December 2009. The contracts concluded provide coverage for around one third of the expected net exposure through opening EUR/US$, US$/HUF and EUR/HUF positions. Richter's Management continues to closely monitor the development of exchange rates and will decide accordingly on the need for additional forward exchange contracts to be concluded.

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 Richter's managing director supervision.

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 will 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 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 Richter Gedeon Vegyészeti Gyár Nyrt.

We have audited the accompanying consolidated financial statements of Richter Gedeon Vegyészeti Gyár Nyrt. and subsidiaries, which comprise the consolidated balance sheet as at December 31, 2008, and the related consolidated income statement, 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.

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Registered by the Budapest Court of Registration
Company Reg. No.: 01-09-071057

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Richter Gedeon Vegyészeti Gyár Nyrt. and subsidiaries as of December 31, 2008, 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 25, 2009

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	Notes	2008	2007
		HUF m	HUF m
Sales		**236,101**	**223,624**
Royalty and other similar income		417	452
Total sales		**236,518**	**224,076**
Cost of sales		(108,421)	(104,379)
Gross profit		**128,097**	**119,697**
Sales and marketing expenses		(51,921)	(43,308)
Administration and general expenses		(15,965)	(14,900)
Research and development expenses		(18,402)	(18,063)
Other income and other expenses		(7,653)	(7,143)
Profit from operations	**5**	**34,156**	**36,283**
Income from associates		903	735
Net financial income	7	8,394	(1,238)
Profit before taxation		**43,453**	**35,780**
Income tax	8	(1,876)	(1,809)
Profit after taxation		**41,577**	**33,971**
Minority interest		(167)	(635)
Profit for the year		**41,410**	**33,336**
Earnings per share (HUF)	**9**		
Basic		2,227	1,792
Diluted		2,222	1,789

The notes on pages 64 to 95 form an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET

as at 31 December 2008	Notes	2008	2007
		HUF m	HUF m
ASSETS			
Non-current assets		**171,057**	**175,487**
Property, plant and equipment	11	141,935	144,863
Investment property	12	766	762
Goodwill	18	5,815	3,892
Intangible assets	11	9,821	7,747
Investments in associates	15	6,533	6,032
Investments	15	3,578	10,388
Deferred tax assets	17	1,048	789
Loans receivable		1,561	1,014
Current assets		**213,076**	**172,476**
Inventories	19	56,808	52,874
Trade receivables	20	68,671	55,453
Other current assets	21	9,190	6,140
Current tax assets	17	-	208
Investments in securities	22	18,862	5,400
Cash and cash equivalents	23	57,456	49,831
Assets classified as held for sale	16	2,089	2,570
Total assets		**384,133**	**347,963**
EQUITY AND LIABILITIES			
Capital and reserves		**336,499**	**306,183**
Share capital	24	18,638	18,638
Treasury shares	25	(604)	(1,718)
Share premium		15,214	15,212
Capital reserves		3,475	3,475
Foreign currency translation reserves		(7,518)	(3,562)
Fair value reserves		92	25
Retained earnings		307,202	274,113
Minority interest		**2,787**	**8,198**
Non-current liabilities		**1,099**	**1,712**
Borrowings		70	463
Deferred tax liability	17	817	725
Other non-current liability		212	524
Current liabilities		**43,748**	**31,870**
Borrowings	29	5,053	392
Trade payables	26	27,864	18,083
Current tax liabilities	17	485	-
Other payables and accruals	27	8,293	11,287
Provisions	28	1,201	1,020
Liabilities directly associated with assets classified as held for sale	16	852	1,088
Total equity and liabilities		**384,133**	**347,963**

The notes on pages 64 to 95 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2008	Notes	Share capital	Share premium	Capital reserves	Treasury shares	Fair value reserves	Foreing currency translation reserves	Reserve on share based payments	Retained earnings	Total
		HUF m	HUF m	HUF m	HUF m	HUF m	HUF m	HUFm	HUF m	HUF m
Balance at 1 January 2007		**18,638**	**15,209**	**3,475**	**(538)**	**43**	**(3,517)**	**1,753**	**253,052**	**288,115**
Exchange differences arising on translation of foreign operations		-	-	-	-	-	(45)	-	-	(45)
Equity component of convertible preference shares		-	3	-	-	-	-	-	-	3
Treasury shares issued and purchased	25	-	-	-	(1,180)	-	-	-	-	(1,180)
Profit for the year		-	-	-	-	-	-	-	33,336	33,336
Ordinary share dividend for 2006	30	-	-	-	-	-	-	-	(12,841)	(12,841)
Release of share-based payments related reserves		-	-	-	-	-	-	(1,753)	316	(1,437)
Fair value adjustment		-	-	-	-	(18)	-	-	-	(18)
Adjustments in connection with merger of new Romanian investments		-	-	-	-	-	-	-	250	250
Balance at 31 December 2007		**18,638**	**15,212**	**3,475**	**(1,718)**	**25**	**(3,562)**	**-**	**274,113**	**306,183**
Balance at 1 January 2008		**18,638**	**15,212**	**3,475**	**(1,718)**	**25**	**(3,562)**	**-**	**274,113**	**306,183**
Exchange differences arising on translation of foreign operations		-	-	-	-	-	(3,956)	-	-	(3,956)
Equity component of convertible preference shares		-	2	-	-	-	-	-	-	2
Treasury shares issued and purchased	25	-	-	-	1,114	-	-	-	-	1,114
Profit for the year		-	-	-	-	-	-	-	41,410	41,410
Ordinary share dividend for 2007	30	-	-	-	-	-	-	-	(8,362)	(8,362)
Fair value adjustment		-	-	-	-	67	-	-	-	67
Adjustments in connection with merger of new Romanian investments		-	-	-	-	-	-	-	41	41
Balance at 31 December 2008		**18,638**	**15,214**	**3,475**	**(604)**	**92**	**(7,518)**	**-**	**307,202**	**336,499**

The notes on pages 64 to 95 form an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2008	Note	2008	2007
		HUF m	HUF m
Operating activities			
Profit for the year		41,410	33,336
Depreciation and amortisation		20,583	20,213
Net financial income		(8,394)	1,238
Income tax		1,876	1,809
Changes in reserve on share-based payments		-	(1,753)
Reversal of reserve on share-based payments		-	316
Adjustments in connection with acquisition of new Romanian investments		41	250
Changes in provision for defined benefit plans	33	312	213
Result from disposal of property, plant and equipment		2,368	991
Result of disposal of investment		(18)	-
Changes in working capital			
Changes in receivables		(9,671)	(5,867)
Changes in inventories		(1,384)	(158)
Changes in payables and other liabilities		(1,486)	166
Change in the amount of assets and related liabilities classified as held for sale	16	(1,237)	(1,482)
Tax paid	17	(1,983)	(1,536)
Net cash flow from operating activities		**42,417**	**47,736**
Cash flow from investing activities			
Purchase of property, plant and equipment		(22,010)	(23,197)
Effect of fixed assets of newly consolidated companies		-	(10,679)
Proceeds from disposal of property, plant and equipment		630	645
Changes in non-current investments		6,309	(2,242)
Changes in current investments		(13,395)	2,493
Changes in loans receivable		(547)	(818)
Interest and similar income		3,152	2,797
Dividend income		78	70
Disposal of investment		1,500	-
Consideration paid for acquisition of subsidiaries	35	(11,146)	-
Net cash flow from investing activities		**(35,429)**	**(30,931)**
Cash flow from financing activities			
Proceeds from conversion of preference shares		2	3
Proceeds from disposal of treasury shares		1,114	(1,180)
Dividends paid		(8,404)	(12,816)
Other cash flows from financing activities		5,164	(4,105)
Net repayment of long term borrowings		4,255	(39)
Net cash flow from financing activities		**2,131**	**(18,137)**
Net increase/(decrease) in cash and cash equivalents		**9,119**	**(1,332)**
Cash and cash equivalents at beginning of year		**49,831**	**51,208**
Effect of foreign exchange rate changes		(1,494)	(45)
Cash and cash equivalents at end of year		**57,456**	**49,831**

The notes on pages 64 to 95 form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL BACKGROUND

I) LEGAL STATUS AND NATURE OF OPERATIONS

Gedeon Richter Plc. ("the Company"), the Parent Company 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

Four Interpretations issued by the International Accounting Standards Board and International Financial Reporting Interpretations Committee are effective for the current period. The adoption of these Interpretations has not led to any changes in the Group's accounting policies:

I) IAS 39 (Amendment) Financial Instruments: Recognition and Measurement and IFRS 7: Reclassification of Financial Assets	Effective from 1 July 2008
II) IFRIC 11 IFRS 2 – Group and Treasury share transactions	Effective for accounting periods beginning on or after 1 March 2007
III) IFRIC 12 Service Concession Arrangements	Effective for accounting periods beginning on or after 1 January 2008
IV) IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.	Effective for accounting periods beginning on or after 1 January 2008

At the date of authorisation of these financial statements the following Interpretations were in issue but not yet effective:

I) IAS 1 (Revised) Presentation of Financial Statements	Effective for accounting periods beginning on or after 1 January 2009
II) IAS 23 (Revised) Borrowing Costs	Effective for accounting periods beginning on or after 1 January 2009
III) IAS 27 (Amendment) Consolidated and Separate Financial Statements	Effective from 1 January 2009
IV) IAS 32 (Amendment) Financial Instruments: Presentation	Effective for accounting periods beginning on or after 1 January 2009
V) IFRS 2 (Amendment) Share based payment	Effective for accounting periods beginning on or after 1 January 2009
VI) IFRS 3 (Revised) Business Combinations	Effective from 1 July 2009
VII) IFRS 5 (Amendment) Non-Current Assets Held for Sale and Discontinued Operations and Consequental Amendment to IFRS 1: First-Time Adoption	Effective from 1 July 2009
VIII) IFRS 7 (Amendment) Financial Instruments: Disclosures	Effective for accounting periods beginning on or after 1 January 2009
IX) IFRS 8 Operating Segments	Effective for accounting periods beginning on or after 1 January 2009
X) IFRIC 13 Customer Loyalty Programmes	Effective for accounting periods beginning on or after 1 July 2008
XI) IFRIC 15 Agreements for the Construction of Real Estate	Effective for accounting periods beginning on or after 1 January 2009

XII) IFRIC 16 Hedges of Net Investment in a Foreign Operation	Effective for accounting periods beginning on or after 1 October 2008
XIII) IFRIC 17 Distributions of Non Cash Assets to Owners	Effective for accounting periods beginning on or after 1 July 2009
XIV) IFRIC 18 Transfers of Assets from Customers	Effective from 1 January 2009
XV) Improvements to International Financial Reporting Standards 2008	Effective for accounting periods beginning on or after 1 January 2009

III) BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis of accounting, as modified by a revaluation of fixed assets existing as of 1 November 1990, and in accordance with International Financial Reporting Standards (IFRS). 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 a management's decision each subsidiary, joint venture and associated company – controlled directly or indirectly by the Parent Company – has been included in the consolidation from 2005.

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

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, joint ventures and 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.
Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is recognised separately in the consolidated balance sheet and is not amortised in line with IFRS 3. In each reporting period the Parent Company reviews its goodwill. The Discounted Cash Flow method is used for fair value calculation.

If the investment's fair value is below net book value of the goodwill – realised when first consolidated – it is charged as an impairment with the difference between the fair and book value. On disposal of a subsidiary, associate 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 revenue at the date of recognition.

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.

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Minority 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 minority's 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

On consolidation, the assets and liabilities of the Group's foreign operations are translated at the exchange rate of MKB Plc. 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.

The financial statements of the foreign subsidiary that reports in the currency of a former hyperinflationary economy (Gedeon Richter Romania S.A.) were restated in former years in terms of the measuring unit current at the balance sheet date before they are translated into the Group's reporting currency.

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 on sales transactions is recognised in accordance with the terms of sales contracts when title has passed.

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.

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

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 in the Consolidated Income Statement.

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

When the Parent Company was transformed into a Company limited by shares, property, plant and equipment were revalued as of 1 November 1990. The revalued assets as of 1 November 1990 are being depreciated over the remainder of their original useful life. Except for Gedeon Richter Romania S.A., Dita Import Export S.R.L. and Gedeon Richter Farmacia S.A., the property, plant and equipment of the consolidated companies were not revalued.

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.

VI) 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.

VII) INVESTMENT PROPERTY

The investment properties are measured under cost model according to the Accounting Policy of Richter Group.
At the balance sheet date the fair value is calculated by DCF model.

VIII) IMPAIRMENT

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 is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

IX) RESEARCH AND DEVELOPMENT

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

X) INVESTMENTS

Investments comprise associated companies consolidated by the equity method, investments in other companies and the 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. These investments are accounted for at cost, and they are not classified as held for sale in accordance with IFRS 5.
Gains and losses on the sale of equity investments are determined on the basis of the specific identification of the cost of each investment.

XI) LOANS RECEIVABLE

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

XII) 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.

XIII) TRADE RECEIVABLES

Trade receivables are stated at their nominal value 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.

XIV) INVESTMENTS IN SECURITIES

Investments in securities are assessed at their fair value at the date of reporting with calculations based on publically quoted prices. Unrealised gains and losses are credited/charged directly to shareholders' equity.

XV) TRADE PAYABLES

Trade payables are stated at their amortised cost.

XVI) DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are valued 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 FLOW STATEMENT

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.
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.

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 is currently organised into two main segments for management purposes: Pharmaceutical manufacturing and sale, and Pharmaceutical wholesale and retail. 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

XXI) IAS 19

In line with IAS 19, defined benefit obligation was calculated by using Projected Unit Credit Method. 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.

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.

XXIV) 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.

XXV) 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.

XXVI) APPROVAL OF FINANCIAL STATEMENTS

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

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 estimate.

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.

4. SEGMENT INFORMATION

I) BUSINESS SEGMENTS

	Pharmaceutical manufacturing and sale		Pharmaceutical wholesale and retail		Eliminations		Total	
	HUF m	HUF m	HUF m	HUF m	HUF m	HUF m	HUF m	HUF m
	2008	2007	2008	2007	2008	2007	2008	2007
3rd party revenues	197,961	188,353	38,557	35,723	-	-	236,518	224,076
Inter segment sales	3,741	3,139	2	1	(3,743)	(3,140)	-	-
Total sales	**201,702**	**191,492**	**38,559**	**35,724**	**(3,743)**	**(3,140)**	**236,518**	**224,076**
Profit from operations	36,657	37,617	(2,495)	(1,330)	(6)	(4)	34,156	36,283
Total assets	365,334	335,859	41,080	28,143	(22,281)	(16,039)	384,133	347,963
Liabilities	23,610	24,081	43,513	25,536	(22,276)	(16,035)	44,847	33,582
Capital expenditure	19,245	22,434	2,765	763	-	-	22,010	23,197
Depreciation	20,094	19,947	489	266	-	-	20,583	20,213
Income from associates	-	4	903	731	-	-	903	735
Investments in associates	6,280	6,167	253	(135)	-	-	6,533	6,032

II) GEOGRAPHICAL SEGMENTS

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	27,030	3,458	55,904	384,133
Capital expenditure	16,783	1,518	821	2	2,886	22,010

2007	Hungary	CIS	EU	USA	Other countries	Total
	HUF m	HUF m	HUF m	HUF m	HUF m	HUF m
Total sales	47,496	69,664	76,014	19,489	11,413	224,076
Total assets	259,573	14,083	27,638	4,115	42,554	347,963
Capital expenditure	18,045	1,204	737	0	3,211	23,197

5. PROFIT FROM OPERATIONS

	2008	2007
	HUF m	HUF m
Total sales	236,518	224,076
Changes in inventories of finished goods and work in progress, cost of goods sold	(34,964)	(34,991)
Material type expenses	(83,741)	(75,932)
Personnel expenses	(55,421)	(49,514)
Depreciation	(20,583)	(20,213)
Other income and expenses	(7,653)	(7,143)
Profit from operations	**34,156**	**36,283**

6. EMPLOYEE INFORMATION

	2008	2007
Average number of people employed during the year	10,382	9,326

The newly consolidated companies resulted in an increase of 689 in the average number of employees during 2008.

7. NET FINANCIAL INCOME

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

	2008	2007
	HUF m	HUF m
Net interest income	3,152	2,797
Dividend income	78	70
Realised gains on forward exchange contracts	232	429
Unrealised gains/losses from the fair value of forward exchange contracts	1,239	-
Impairment gains of equity investments	469	76
Exchange gains/losses realised on trade receivables and trade payables	1,562	(2,454)
Losses on foreign currency loans receivable	(57)	(1,202)
Unrealised exchange gains/losses on trade receivables and trade payables	202	(659)
Other financial items	1,517	(295)
Total	**8,394**	**(1,238)**

Unrealised financial income/(expense) was heavily influenced by the 188.47 US$/HUF and 264.50 EUR/HUF exchange rates in effect on 31 December 2008 which impacted the reassessment of currency related balance sheet items. These reassessments together resulted in an increase of HUF 1.6 billion in the net financial income for 2008 while the same items decreased the net financial income by HUF 1.5 billion in 2007.

The Parent Company has concluded forward exchange contracts to manage its exposure to fluctuations in exchange rates since January 2000. There is opened forward contract concerning 2009 at the end of 2008 as the Parent Company concluded forward exchange contracts to minimise US$/HUF and EUR/HUF exchange rate risks until 31 December 2009. These contracts are EUR/HUF, US$/HUF and EUR/US$ options and they provide coverage for almost one third of net forward exchange 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.

In accordance with a new 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 1,378 million solidarity tax payment obligation of the Group in 2008 (This item was HUF 1,030 million in 2007).

	2008	2007
	HUF m	HUF m
Domestic	(39)	(29)
Foreign	(566)	(477)
Solidarity tax	(1,378)	(1,030)
Current tax	**(1,983)**	**(1,536)**
Deferred tax (17)	107	(273)
Income tax	**(1,876)**	**(1,809)**

The average effective tax rate calculated on the basis of the current tax is 4.6% and 4.3% calculated with deferred asset, in 2007 these rates were 4.3% and 5.1%.

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)

	2008	2007
Net consolidated profit attributable to shareholders (HUF m)	41,410	33,336
Weighted average number of ordinary shares in issue (thousands)	18,591	18,606
Basic earnings per share (HUF)	**2,227**	**1,792**

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)

	2008	2007
Net consolidated profit attributable to shareholders (HUF m)	41,410	33,336
Weighted average number of total shares outstanding (thousands)	18,637	18,637
Diluted earnings per share (HUF)	**2,222**	**1,789**

10. FINANCIAL INSTRUMENTS

I. 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 USD. 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 (GZF Polfa, 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.

Taken into account broad exchange rate developments recorded at year end 2008 we applied higher exchange rates, that positively impacted Group's profits in every case.

	Exchange rates			Effect on operating profit
	EUR/HUF	USD/HUF	EUR/USD	HUFm
123.4%	310.0			
		215.0	1.44	19,947
		230.0	1.35	22,323
		240.0	1.29	23,907
119.4%	300.0			
		215.0	1.40	17,732
		230.0	1.30	20,108
		240.0	1.25	21,692
111.4%	280.0			
		215.0	1.30	13,302
		230.0	1.22	15,678
		240.0	1.17	17,262
100.0%	251.2			
		171.3	1.47	0

Based on the currency rate sensitivity analysis of 2008 the combination of weak Hungarian Forint (with rate of 310 EUR/HUF) and strong US Dollar (with rate of 1.29 EUR/USD) would have caused the largest effect (in the amount of HUF 23,907 million) on the Group's consolidated profit. The slightest increase (HUF 13,302 million) would have been caused by the combination of exchange rates of 280 EUR/HUF and 215 USD/HUF.

When considering the above figures it should be taken into account that 62 percent of the Group's income originate from such CEE and CIS markets where resale is realised in local currencies in spite of the fact that Richter invoices its sales in either EUR or USD. As a consequence of the global financial crisis these local currencies have followed a similar trend of devaluation as the Hungarian Forint. The Group is required to compensate its partners for the devaluation of these respective currencies in order to ensure the usual flow of the business. Such compensations may nevertheless partly or completely offset the positive impact on the profit of the Hungarian Forint devaluation.

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 (GZF Polfa, 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 financial profit
	EUR/HUF	USD/HUF	EUR/USD	HUFm
123.4%	326.4			
		236.6	1.38	12,322
		253.2	1.29	13,480
		263.9	1.24	14,226
119.4%	315.8			
		236.6	1.33	10,787
		253.2	1.25	11,945
		263.9	1.20	12,691
111.4%	294.7			
		236.6	1.25	7,731
		253.2	1.16	8,889
		263.9	1.12	9,636
100.0%	264.5			
		188.5	1.40	0

In case of balance sheet items denominated in foreign currencies, similarly to such profit and loss items, the combination of strong Hungarian Forint and weak US Dollar would have caused the slightest effect on the consolidated profit in the amount of HUF 7,731 million.

II. 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	Type of security		
	31 December 2008	Credit insurance	Bank guarantee	L/C
	HUF m	HUF m	HUF m	HUF m
CIS	10,844	9,188	1,501	155
EU	263	-	263	-
USA	-	-	-	-
Other	364	-	155	209
Total	**11,471**	**9,188**	**1,919**	**364**

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.

11. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Land and buildings	Plant and equipment	Intangible assets	Construction in progress	Total
	HUF m	HUF m	HUF m	HUF m	HUF m
GROSS VALUE					
at 31 December 2007	**95,838**	**154,269**	**13,112**	**8,713**	**271,932**
Translation differences	(2,874)	(4,661)	(392)	(397)	(8,324)
Effect of newly consolidated companies	2,269	504	78	38	2,889
Capitalization	7,156	11,202	3,285	(21,643)	-
Transfers and capital expenditure	3	88	1,520	22,010	23,621
Disposals and other conversions	(757)	(3,259)	(1,179)	(107)	(5,302)
Non-current assets classified as held for sale	(1,417)	(875)	(235)	(2)	(2,529)
at 31 December 2008	**100,218**	**157,268**	**16,189**	**8,612**	**282,287**
ACCUMULATED DEPRECIATION					
at 31 December 2007	**17,935**	**96,022**	**5,365**	**-**	**119,322**
Translation differences	(1,672)	(4,122)	(47)	-	(5,841)
Effect of newly consolidated companies	514	315	68	-	897
Current year depreciation	2,769	16,651	1,150	-	20,570
Net foreign currency exchange differences	(57)	(176)	(14)	-	(247)
Disposals, conversion	(205)	(2,837)	(21)	-	(3,063)
Non-current assets classified as held for sale	(361)	(613)	(133)	-	(1,107)
at 31 December 2008	**18,923**	**105,240**	**6,368**	**-**	**130,531**
NET BOOK VALUE					
at 31 December 2007	**77,903**	**58,247**	**7,747**	**8,713**	**152,610**
at 31 December 2008	**81,295**	**52,028**	**9,821**	**8,612**	**151,756**

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.

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 2007	877
Capitalization	17
at 31 December 2008	**894**
ACCUMULATED DEPRECIATION	
at 31 December 2007	115
Current year depreciation	13
at 31 December 2008	**128**
NET BOOK VALUE	
at 31 December 2007	**762**
at 31 December 2008	**766**

The Discounted Cash Flow method is used for calculation of investment property's fair value. The Company's portion of value is HUF 1,012 million.

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

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

13. CONSOLIDATED COMPANIES

Details of the Group's subsidiaries at 31 December 2008 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	99.45	99.45	Pharmaceutical manufacturing
GZF Polfa Sp. z o.o.	Poland	99.85	99.85	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	98.10	98.10	Pharmaceutical manufacturing
Biowet Drwalew S.A.	Poland	99.50	99.50	Manufacturing of veterinary products
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	99.45	99.45	Asset management
Dita Import Export S.R.L.	Romania	99.44	99.44	Pharmaceutical wholesale
Gedeon Richter Farmacia S.A.	Romania	99.25	99.25	Pharmaceutical retail
Magnolia S.R.L.	Romania	99.26	99.26	Pharmaceutical retail
Pharmaplus S.R.L	Romania	94.28	94.28	Pharmceutical 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

Subsidiaries newly included in the consolidation					
Name	Date of acquisition	Place of incorporation (or registration) and operation	Proportion of ownership %	Proportion of voting rights held %	Principal activity
Gedeon Richter Aptyeka sp.O.O.O	01. 2008	Armenia	51.00	51.00	Pharmaceutical retail
Pharmafarm S.A.	01. 2008	Romania	95.68	95.68	Pharmaceutical wholesale
Pharmanet S.R.L.	01. 2008	Romania	95.68	95.68	Pharmaceutical retail
Gedeon Richter Ukrfarm O.O.O.	01. 2008	Ukraine	100.00	100.00	Pharmaceutical wholesale and retail

14. JOINT VENTURES

Details of the Group's joint ventures at 31 December 2008 are as follows:

Name	Place of incorporation (or registration) and operation	Proportion of ownership %	Proportion of voting rights held %	Principal activity
Medimpex UK Ltd.	UK	50.00	50.00	Pharmaceutical trading
Medimpex Irodaház Kft.	Hungary	50.00	50.00	Renting real estate
Pesti Sas Patika Bt.	Hungary	74.00	50.00	Pharmaceutical retail
Farnham Laboratories Ltd.	UK	50.00	50.00	Pharmaceutical trading
Westpharma S.R.L.	Romania	49.72	49.72	Informatics services
Richter-Helm BioTec Management GmbH	Germany	50.00	50.00	Asset management

Joint ventures newly included in the consolidation					
Name	Date of acquisition	Place of incorporation (or registration) and operation	Proportion of ownership %	Proportion of voting rights held %	Principal activity
Richter-Helm BioTec Co. & KG	01.2008	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 proportionate consolidation of the above joint ventures.

	2008	2007
	HUF m	HUF m
Current assets	894	611
Non-current assets	429	441
Short-term liabilities	536	415
Long-term liabilities	-	1
Sales	1,982	18,451
Cost of sales	1,718	17,041

Income statement items include the figures of Medimpex Gyógyszer-nagykereskedelmi Zrt. in 2007.

15. INVESTMENTS IN ASSOCIATED COMPANY AND OTHER INVESTMENTS

At 31 December 2008 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
P.S.P. Richter O.O.O.	Georgia	49.00	49.00	Pharmaceutical trading
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
ZAO Farmograd	Russia	45.00	45.00	Pharmaceutical trading
Farmacia nr.41.din Telenesti S.R.L.	Moldavia	40.51	40.51	Pharmaceutical retail

	31 December 2008	31 December 2007
	HUF m	HUF m
Investments in associates	6,533	6,032
Other investments	3,401	7,211
Long-term bonds	177	3,177
Total	**10,111**	**16,420**

Long-term bonds are held until maturity date. Other investments are not consolidated available for sale investments.

16. 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, respectively. Figures in respect to 2007 include the accounts of MPX Zrt.'s.

The major classes of assets and liabilities comprising the operations classified as held for sale at the balances sheet date are as follows:

	31 December 2008	31 December 2007
	HUF m	HUF m
Intangible assets	103	1
Property, plant and equipment	1,319	369
Investments	13	314
Inventories	449	931
Trade receivables and other current assets	184	1,428
Cash and cash equivalents	21	(473)
Assets of contruction business classified as held for sale	**2,089**	**2,570**
Trade payables	164	995
Other payables and accruals	680	93
Deferred tax liabilities	8	-
Liabilities of contruction business associated with assets classified as held for sale	**852**	**1,088**
Net assets of construction business classified as held for sale	**1,237**	**1,482**

17. INCOME TAX AND DEFERRED TAX

Current tax assets and liabilities:

	2008	2007
	HUF m	HUF m
Current tax asset	-	208
Current tax liability	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 2008 only includes the deferred tax (at 16 percent) 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:

	2008	2007
	HUF m	HUF m
Analysis for financial reporting purposes		
Deferred tax assets	1,048	789
Deferred tax liabilities	(817)	(725)
Net position at 31 December	**231**	**64**

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 subsidiary	(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**

The following are the major changes in deferred tax liabilities and assets recognised by the Group during 2007:

	31 December 2007	Deferred tax carried by subsidiary	(Charged)/ credited to retained earnings	(Charged)/ credited to Income Statement	31 December 2006
	HUF m	HUF m	HUF m	HUF m	HUF m
Deferred tax					
Depreciation	645	-	-	11	634
Other temporary differences	(1)	-	-	-	(1)
Consolidation adjustments	145	429	(433)	(284)	433
Consolidation adjustments (tax liabilities)	(725)	(725)	245	-	(245)
Total	**64**	**(296)**	**(188)**	**(273)**	**821**

At the balance sheet date, the Group had HUF 30 million unused tax losses (HUF 38 million in 2007) which may be available for offset against future profits.

Temporary differences arising in connection with interest in associates and joint ventures are insignificant.

18. GOODWILL

	Goodwill
	HUF m
COST	
At 1 January 2007	1,550
Increase deriving from acquisition of subsidiaries	2,368
At 31 December 2007	3,918
At 1 January 2008	3,918
Increase deriving from acquisition of subsidiaries	2,408
At 31 December 2008	**6,326**
IMPAIRMENT	
At 1 January 2007	(26)
At 1 January 2008	(26)
Impairment charged for the year	(485)
At 31 December 2008	**(511)**
NET BOOK VALUE	
At 31 December 2007	**3,892**
At 31 December 2008	**5,815**

In 2008 the goodwill arised from those Polfa's shares that were purchased from Polish state, from the acquisition of further new Romanian wholesale and retail companies, as well as from the inclusion in the consolidation GR Ukrfarm.

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 pharmacies and GR Ukrfarm.

19. INVENTORIES

	2008	2007
	HUF m	HUF m
Raw materials, packaging and consumables	19,098	15,972
Production in progress	874	1,144
Semi-finished and finished good	37,285	36,689
Assets classified as held for sale	(449)	(931)
Total	**56,808**	**52,874**

Inventories include impairment in value of HUF 1,900 million and reversal of impairment in value of HUF 346 million in 2008 (HUF 1,370 million impairment and HUF 978 million reversal was made in 2007). The reversal of impairment is due to the change of market conditions.

20. TRADE RECEIVABLES

	2008	2007
	HUF m	HUF m
Trade receivables	55,156	44,435
Amounts due from related companies	13,667	12,407
Assets classified as held for sale	(152)	(1,389)
Total	**68,671**	**55,453**

Trade receivables include HUF 2,081 million impairment and HUF 1,691 million reversal of impairment in 2008 (in 2007 the net of impairment was HUF 31 million).
The reversal of impairment is explained with the decrease of overdue receivables.

21. OTHER CURRENT ASSETS

	2008	2007
	HUF m	HUF m
Tax and duties recoverable	2,317	1,540
Loans receivable	550	204
Advances	1,673	1,015
Fair value of open forward exchange contracts (IAS 39)	1,239	-
Other receivables	1,505	1,815
Prepayments	1,938	1,605
Assets classified as held for sale	(32)	(39)
Total	**9,190**	**6,140**

22. INVESTMENTS IN SECURITIES

	2008	2007
	HUF m	HUF m
Treasury bills	16,826	3,868
Open-ended investment bond	2,011	1,500
Other securities	25	32
Total	**18,862**	**5,400**

All current investments are classified as available for sale. The fair value adjustment was HUF 92 million in 2008, and HUF 17.5 million in 2007.

23. CASH AND CASH EQUIVALENTS

	2008	2007
	HUF m	HUF m
Bank deposits	52,840	48,693
Cash on hand	70	165
Short term securities (duration less than 3 months)	2,873	500
Finances of foreign office	1,694	-
Assets classified as held for sale	(21)	473
Total	**57,456**	**49,831**

There was no fair value adjustment of short term securities in 2008.

24. SHARE CAPITAL

	2008		2007	
	Number	HUF m	Number	HUF m
Ordinary shares of HUF 1,000 each	18,637,486	18,638	18,637,486	18,638
Total	**18,637,486**	**18,638**	**18,637,486**	**18,638**

25. 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 2008 31,727 shares were distributed to 417 employees of the Company. Similar bonuses are expected to be granted also in 2009.

61,674 ordinary shares were granted to qualified employees as bonuses during the year.

Pursuant to a program approved by the Ministry of Finance related to employee share bonuses (Recognised Staff Stock Bonus Plan), the Company granted 59,473 treasury shares to 4,573 employees. The shares are deposited on the employees' security accounts until 2 January 2011.

The AGM held on 28 April 2008 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 80,000 treasury shares at the Budapest Stock Exchange during the year, and a further 46,899 shares on the OTC market.

NUMBER OF SHARES	Ordinary shares
at 31 December 2007	**54,548**
Out of these, number of shares owned by subsidiaries	*10,550*
Share purchase	126,899
Issued as part of bonus program	(31,727)
Bonuses	(61,674)
Granted pursuant to the Finance Ministry-approved plan	(59,473)
Granted pursuant to the Finance Ministry – re-entry	1,875
at 31 December 2008	**30,448**

BOOK VALUE	HUF m
at 31 December 2007	**1,718**
Share purchase	3,412
Issued as part of bonus program	(961)
Bonuses	(2,047)
Granted pursuant to the Finance Ministry-approved plan	(1,579)
Granted pursuant to the Finance Ministry – re-entry	61
at 31 December 2008	**604**

26. TRADE PAYABLES

	2008	2007
	HUF m	HUF m
Trade payables	27,841	18,649
Amount due to related companies	187	429
Payables directly associated with assets classified as held for sale	(164)	(995)
Total	**27,864**	**18,083**

27. OTHER PAYABLES AND ACCRUALS

	2008	2007
	HUF m	HUF m
Wages and payroll taxes payable	3,759	3,547
Dividend payable	87	129
Accruals	2,093	2,694
Other liabilities	1,043	1,793
Deposits from customers	1,014	1,190
Accrual for costs of share options and other bonuses	390	2,027
Accruals directly associated with assets classified as held for sale	(93)	(93)
Total	**8,293**	**11,287**

28. PROVISIONS

	2008	2007
	HUF m	HUF m
Other provisions	153	94
Provision for retirement liabilities	1,122	926
Provisions directly associated with assets classified as held for sale	(74)	-
Total	**1,201**	**1,020**

29. BORROWINGS

The value of Borrowings in Current liabilities significantly increased primarily due to the loans of the Romanian company included to the consolidation.

30. DIVIDEND ON ORDINARY SHARES

	2008	2007
	HUF m	HUF m
Dividend paid on ordinary shares	8,362	12,841

A dividend of HUF 450 per share (HUF 8,362 million) was declared in respect of the 2007 results, approved at the Company's Annual General Meeting on 28 April 2008 and paid during the year.

31. AGREED CAPITAL COMMITMENTS AND EXPENSES RELATED TO INVESTMENTS

	2008
	HUF m
Capital expenditure that has been contracted for but not included in the financial statements	2,523
Capital expenditure that has been authorised by the directors but has not yet been contracted for	15,525

The capital expenditure programme of the Company approved by the Board of Directors totalling HUF 18,048 million comprises all costs associated with capital expenditure planned for 2009. The above commitments were not recorded either in the income statement or in the balance sheet.

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

	2008
	HUF m
Reményhez 2006 Gyógyszertári Bt. - bank guarantee	40
Biowet Drwalew S.A. - bank guarantee	75
Bank guarantee given by Gedeon Richter Pharma GmbH	2
Bank guarantee given by GZF Polfa Sp. z o.o.	6
Bank guarantee given by Richter Themis Ltd.	14

33. 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.

34. 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 2008 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 707 million in 2008. The pension fund had a total of 6,318 members in 2007, 4,241 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 3,200/person/month until 30 April 2008, and HUF 4,000/person/month since 1 May 2008. 5,056 employees are members of Patika Health Insurance Fund and the total amount paid on their behalf to the fund was HUF 215 million during 2008.

The contribution fulfilled Hungary based subsidiaries amounted HUF 34 million.
Foreign subsidiaries settle pension fund payments in favour of its 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.

ACTUARIAL VALUATION RELATED TO RETIREMENT BENEFIT PLANS

PARENT COMPANY
According to the Union Agreement of Gedeon Richter Plc. the retiring employee is entitled for 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 each period until 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.

Since it is second time application of IAS 19, the Company is entitled for account the service costs arisen but non-recognised before 2007 (first application) and amortise them during a four years vesting period.

RESULTS

	HUF m
Opening value of retirement benefit	1,257
Changes of the year	143
Actuarial gains	(244)
2008 retirement benefit	**1,156**
Amortisation of non-recognised past service costs	253
Interest cost	81
Current service costs	62
Service for current year	84
2008 pension costs	**480**
Opening value of provision	213
2008 service (release of provision)	(84)
Current year provision	396
Closing value of provision	**525**
2008 non-recognised past service cost	**631**

ASSOCIATED COMPANIES

Amongst the subsidiaries of the Richter Group, only GZF Polfa accounts pension related benefits as provision set forth in the articles of the Union Agreement. Expenses allocated to pension related provision amounted to HUF 511 million on 31 December 2008 when compared to the HUF 621 million on reported on 31 December 2007.

35. ACQUISITION OF SUBSIDIARIES

In 2008 the Group has acquired new subsidiaries in Romania, and via capital increase and via purchases of additional equity has increased the rate of its ownership in Ukraine and Poland.

	Romania	GZF Polfa	RG Ukrfarm	Total
Property, plant and equipments	2,046			2,046
Intangible assets	1,267			1,267
Other non-current assets	83			83
Inventories	2,550			2,550
Receivables	6,440			6,440
Cash and cash equivalents	116			116
Loans and borrowings	(970)			(970)
Payables	(8,536)			(8,536)
Net assets acquired	**2,996**	**5,495**	**363**	**8,854**
Goodwill	1,621	787	-	2,408
Paid consideration satisfied by cash	**(4,617)**	**(6,282)**	**(363)**	**(11,262)**
Cash acquired	116	-	-	116
Net cash outflow	**(4,501)**	**(6,282)**	**(363)**	**(11,146)**

36. INSURANCE

The Group members consider that they have the adequate and appropriate coverage.

Gedeon Richter's insurance for product liability extends globally including the USA and Canada, and relates to all registrated products manufactured and marketed by the Company.

The property and breakdown insurance policies provide satisfactory coverage for the Company's assets at replacement value as well as net profits lost due to any specific event and the overhead costs.

The general, environmental pollution and employer liability insurance cover potential damages caused to third parties or employees.

Due to the scale of the Gedeon Richter assets and revenues, it is of utmost importance for the Company to use large and financially stable global insurance companies that co-operate with leading re-insurers.

37. REMUNERATION OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD

	Allowance	
	2008	2007
	HUF m	HUF m
Board of Directors	59	63
Supervisory Board	34	34
Total	**93**	**97**

38. EVENTS AFTER THE DATE OF THE BALANCE SHEET

There were no events after balance sheet date which would influence the faithful presentation of the Group financial statements.

CONSOLIDATED FINANCIAL RECORD 2003-2008

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

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

Notes:
- EPS calculations based on the total number of shares issued, diluted excluding exceptional and non-recurring items.
- 2008 dividends per ordinary share of HUF 590 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
as at 31 December						
Non-current assets	103,853	122,582	140,117	160,677	175,487	171,057
Net other assets and liabilities	77,912	91,516	113,383	135,736	140,606	169,328
Non-current liabilities	(59)	(35)	(474)	(2,485)	(1,712)	(1,099)
Minority interest	(4,200)	(4,898)	(6,486)	(5,813)	(8,198)	(2,787)
Total net assets	**177,506**	**209,165**	**246,540**	**288,115**	**306,183**	**336,499**
Share capital	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
Treasury shares	(517)	(700)	(145)	(538)	(1,718)	(604)
Capital and reserves	**177,506**	**209,165**	**246,540**	**288,115**	**306,183**	**336,499**
Total assets and total equity and liabilities	**199,575**	**234,932**	**277,580**	**325,784**	**347,963**	**384,133**
CAPITAL EXPENDITURE (HUF m)	**21,948**	**26,812**	**29,841**	**32,351**	**23,197**	**22,010**

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

Note: This Financial Record is not part of the audited Consolidated Financial Statements prepared in accordance with IFRS.

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
Average	253.6	252.1	247.9	263.7	251.2	251.2
End of year	262.2	245.9	253.0	251.8	253.4	264.5

NUMBER OF EMPLOYEES	2003	2004	2005	2006	2007	2008
End of year	7,328	7,260	8,078	8,526	9,528	10,527

UNCONSOLIDATED FINANCIAL RECORD 2003-2008

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

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

Notes: • EPS calculations based on the total number of shares issued, diluted excluding exceptional and non-recurring items.
• 2008 dividends per ordinary share of HUF 590 are as recommended by the Board of Directors.

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

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

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EXCHANGE RATES (EUR / HUF)	2003	2004	2005	2006	2007	2008
Average	253.6	252.1	247.9	263.7	251.2	251.2
End of year	262.2	245.9	253.0	251.8	253.4	264.5

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

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