Interim Management Report

to the Budapest Stock Exchange

9 months to September 2011

1. Richter Group

The activities of Richter Group are presented in this Consolidated Report along three operating segments. Those subsidiaries of the Group that are engaged in the core activities of research and development together with manufacturing of pharmaceutical products have been classified as the Pharmaceutical segment. The performance of those distributor and retail subsidiaries that represent the distribution chain in some of our markets and facilitate our products reaching final buyers are presented under the Wholesale and Retail segment. Finally, the Other segment relates to the business of those group members that do not belong to any of the above segments. These companies undertake either commercial or marketing activities or they provide services to group members belonging to the Pharmaceutical segment. (For further information see Appendix 1 on page 20).

2. Summary

Sales amounted to HUF 218,277 million (EUR 805.8 million) in the first nine months to September 2011, a 1.2 % increase (3.0 % in Euro terms) when compared with the same period in 2010. The Group recorded positive performance in almost all of its key geographies including most of the CIS countries, the EU and Hungary.

In **Hungary** sales totalled HUF 28,083 million (EUR 103.7 million) in the first nine months of 2011, which represented a 9.3 % (11.3 % in EUR terms) increase compared to the level reported in the same period of the previous year. Turnover of products launched in the past two years more than offset the negative impact arising from recent changes in the regulation of the market. A comprehensive summary of such regulatory changes are presented in Chapter 4.1.1.1 on page 6 of this report.

International sales amounted to EUR 702.1 million in the first nine months of 2011, an increase of EUR 13.3 million or 1.9 % over the same period of the previous year. Sales in the CIS totalled EUR 313.9 million (US$ 442.6 million), 0.4 % higher (in US$ terms 8.5 %) when compared to the first three quarters of 2010. In Russia a moderate 2.2 % sales growth was reported in Euro terms in the first nine months of 2011, primarily as a consequence of significant sales levels (preshipments) recorded in the third quarter 2010, which created a high base for the year-on-year comparison. A 6.8 % growth was reported in Ukraine in US$ terms with exchange rate movements resulting in declining Euro turnover (-1.4 %) together with a sales decline in US$ terms recorded in the Other CIS republics region. The turnover increase reported for the EU region (12.1 % in Euro terms) was mostly driven by higher sales levels reported in the EU15 countries partly offset by continuing weaker performance of the Romanian wholesale and retail segment. Sales recorded in the USA declined by 31.0 % in US$ terms. Turnover reported in the Rest of the World region increased by a healthy 23.6 % in EUR terms in the first nine months of 2011.

Profit from operations in the first three quarters of 2011 at HUF 48,904 million (EUR 180.5 million) was HUF 4,856 million (9.0 %) lower than in the first nine months to September 2010. In Euro terms operating profit decreased by EUR 14.4 million (7.4 %). This performance was impacted by a significant increase in operating costs primarily related to sales and marketing activities.

Operating margins in the first three quarters of 2011 at 22.4 % declined from the 24.9 % recorded in the same period of 2010.

Profit after taxation decreased by 30.0 % in HUF and by 28.7 % in Euro terms during the reported period to a total of HUF 40,395 million (EUR 149.1 million) primarily due to higher operating costs combined with losses generated at the net financial income/ (loss) level.

Diluted earnings per share amounted to HUF 2,163 per share (EUR 7.98 per share) in the first nine months to September 2011, a decrease of 29.8 % (28.6 % in Euro terms) over the same period of the previous year.

Total assets and total shareholders' equity and liabilities amounted to HUF 623,434 million on 30 September 2011, an increase of HUF 24,614 million over the totals reported at 31 December 2010.

3. Group sales by region

HUFm	2011	2010	Change	
	9 months to September			%
Hungary	**28,083**	**25,692**	**2,391**	**9.3**
EU (*)	**78,250**	**71,034**	**7,216**	**10.2**
Poland	15,241	13,778	1,463	10.6
Romania	26,203	30,323	-4,120	-13.6
EU 9	15,366	14,195	1,171	8.2
EU 15	21,440	12,738	8,702	68.3
CIS	**85,016**	**86,263**	**-1,247**	**-1.4**
Russia	61,351	61,116	235	0.4
Ukraine	9,717	10,034	-317	-3.2
Other CIS republics	13,948	15,113	-1,165	-7.7
USA	**13,581**	**21,678**	**-8,097**	**-37.4**
Rest of the World	**13,347**	**11,013**	**2,334**	**21.2**
Total	**218,277**	**215,680**	**2,597**	**1.2**

EURm	2011	2010	Change	
	9 months to September			%
Hungary	**103.7**	**93.2**	**10.5**	**11.3**
EU (*)	**288.8**	**257.6**	**31.2**	**12.1**
Poland	56.3	50.0	6.3	12.6
Romania	96.7	109.9	-13.2	-12.0
EU 9	56.7	51.5	5.2	10.1
EU 15	79.1	46.2	32.9	71.2
CIS	**313.9**	**312.7**	**1.2**	**0.4**
Russia	226.5	221.6	4.9	2.2
Ukraine	35.9	36.4	-0.5	-1.4
Other CIS republics	51.5	54.7	-3.2	-5.9
USA	**50.1**	**78.6**	**-28.5**	**-36.3**
Rest of the World	**49.3**	**39.9**	**9.4**	**23.6**
Total	**805.8**	**782.0**	**23.8**	**3.0**
Average exchange rate (EUR / HUF)	270.9	275.8	-4.9	-1.8

(*) Note: All Member States of the EU, except for Hungary.

Current and historical average EUR/HUF and US$/HUF exchange rates are shown in Appendix 3 on page 21.

4. Operating segment information

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

HUFm	Pharmaceuticals		Wholesale and retail		Other		Eliminations		Group total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	9 months to September		9 months to September		9 months to September		9 months to September		9 months to September	
Total sales	192,229	185,851	26,501	29,380	27,995	24,769	(28,448)	(24,320)	218,277	215,680
Profit from operations	49,604	53,258	(863)	586	(138)	326	301	(410)	48,904	53,760
Income from associates	-	-	(2,310)	520	-	-	-	-	(2,310)	520
Number of employees at period end	8,310	7,899	1,406	1,417	1,160	866	-	-	10,876	10,182

Operating profit for the Group originated entirely from Pharmaceuticals. Operating profit for this business segment decreased by 6.9 % during the first nine months to September 2011 when compared to the same period of the previous year. The combined amount of operating losses from subsidiaries and the stakeholding proportional amount of loss from associated companies operating in the Wholesale and retail segment totalled HUF 3,173 million during the reported period due to impairment loss accounted both at our Romanian wholesaler subsidiary and – in a stake proportional amount – at Hungaropharma.

The turnover of companies classified as belonging to the Other segment increased by 13.0 % (in Euro terms by 15.1 %) in the first nine months to September 2011 when compared to the same period of the previous year.

4.1 Sales Report – Pharmaceuticals

In this section, the combined sales performance of the parent company and its subsidiaries are discussed in detail. Sales in this pharmaceutical segment in the first nine months to September 2011 totalled HUF 192,229 million (EUR 709.6 million), an increase of 3.4 % (5.3 % in Euro terms).

Pharmaceutical sales by region

HUFm	2011	2010	Change	
	9 months to September			%
Hungary	**26,791**	**24,612**	**2,179**	**8.9**
EU (*)	**58,329**	**46,573**	**11,756**	**25.2**
Poland	15,275	13,882	1,393	10.0
Romania	6,166	6,170	-4	-0.1
EU 9	15,365	14,195	1,170	8.2
EU 15	21,523	12,326	9,197	74.6
CIS	**81,743**	**84,062**	**-2,319**	**-2.8**
Russia	61,351	61,116	235	0.4
Ukraine	9,297	9,524	-227	-2.4
Other CIS republics	11,095	13,422	-2,327	-17.3
USA	**13,784**	**21,143**	**-7,359**	**-34.8**
Rest of the World	**11,582**	**9,461**	**2,121**	**22.4**
Total	**192,229**	**185,851**	**6,378**	**3.4**

EURm	2011	2010	Change	
	9 months to September			%
Hungary	**98.9**	**89.3**	**9.6**	**10.8**
EU (*)	**215.3**	**168.8**	**46.5**	**27.5**
Poland	56.4	50.3	6.1	12.1
Romania	22.8	22.3	0.5	2.2
EU 9	56.7	51.5	5.2	10.1
EU 15	79.4	44.7	34.7	77.6
CIS	**301.8**	**304.8**	**-3.0**	**-1.0**
Russia	226.5	221.6	4.9	2.2
Ukraine	34.3	34.5	-0.2	-0.6
Other CIS republics	41.0	48.7	-7.7	-15.8
USA	**50.9**	**76.7**	**-25.8**	**-33.6**
Rest of the World	**42.7**	**34.3**	**8.4**	**24.5**
Total	**709.6**	**673.9**	**35.7**	**5.3**
Average exchange rate (EUR / HUF)	270.9	275.8	-4.9	-1.8

(*) Note: All Member States of the EU, except for Hungary.

A list of products referred to in this report is presented in Appendix 2 on page 21.

4.1.1 Hungary

In **Hungary** sales totalled HUF 26,791 million (EUR 98.9 million) in the first nine months of 2011, a healthy increase of 8.9 % (in Euro terms 10.8 %) when compared to the same period of 2010. Certain changes to the price regulation rules which were implemented in the second quarter 2011 continued to impact the Group's performance in the third quarter.

A number of products showed significant sales increases during the reported period, notably Xeter, Nortivan with Nortivan HCT, Nebibeta and Panangin. On the other hand, turnover of certain other products fell behind levels achieved in the base period, including a range of oral contraceptives, Lisonorm and Calumid.

Based on the latest available market audit (IMS) data for the nine months to September 2011 Richter is now the fourth player on the Hungarian pharmaceutical market with a 5.9 % share. When considering only the market for retail prescription drugs, Richter qualified for the second place with a market share of 7.4 %

4.1.1.1 Changes in the Hungarian regulatory system

Richter implemented price reductions for a number of products on both 1 April and 1 July to avoid delisting in certain cases and, in others, for competitive reasons. The impact of these price cuts is estimated to amount to HUF 1 billion in the nine months to September 2011. Further price decreases were implemented on 1 October which are expected to additionally impact turnover by approximately HUF 0.8 billion in the fourth quarter 2011.

Ongoing negotiations between pharmaceutical manufacturers and the representatives of the government resulted in an amendment to the 2007 drug economic act coming into force from 1 July 2011.

The 2007 drug economic act established that pharmaceutical companies were required to pay as a contribution to the nation's health care expenses an amount equal to 12 % of the ex-manufacturer price of their products (based on pharmacy turnover data) to the Tax Authority. A medical representative fee was also reintroduced from 15 February 2009 in the amount of HUF 0.4 million per month per representative. Amendments to the law with effect from 1 July 2011 increased the 12 % subsidy to 20 % while the medical representative fee was doubled to HUF 0.8 million per month per representative. Additional measures introduced by amendment to the law include:

- implementation of a preferred reference pricing range of 5 % above the reference price for active substance reimbursement groups and 10 % in the case of therapeutic reimbursement groups, with any failure to keep the price within the preferred range resulting in a 15 % reduction in reimbursement level;
- introduction of an international reference pricing system with a 20 % ceiling above the average of the three cheapest prices of a given manufacturer applied in any of the EU countries to retain reimbursement status. This measure has not yet been put into practice as at the publication date of this quarterly report.

The same amendment to the drug economic act provides for a maximum (100 %) extraordinary tax deduction for those companies whose R&D reached or exceeded 70 % of the reimbursement amounts paid out effectively at retail level during 2010 to subsidise products manufactured by such companies. Richter qualified for the maximum allowance. Extraordinary taxes reclaimed amounted to HUF 1.9 billion, out of which proportional amounts were effectively deducted from 1 July 2011 to offset taxes due in respect of the second and third quarter 2011.

4.1.2 European Union

Sales in the **European Union**, excluding Hungary, amounted to EUR 215.3 million in the first nine months of 2011, representing a significant increase of 27.5 % when compared to the same period of 2010.

In **Poland**, the largest market for the company in the region, the Group recorded sales of PLN 226,6 million (EUR 56.4 million), an increase of 12.3 % in PLN terms (12.1 % in EUR terms) over the levels achieved in the same period of 2010. The seasonal antiviral product, Groprinosin, together with Zaranta, Avonex, Mydocalm, a range of oral contraceptives and Protevasc recorded good growth when compared to the sales levels achieved in the base period.

In **Romania** sales amounted to RON 95.9 million, a 2.6 % year-on-year increase compared with the performance in the first nine months of 2010. In EUR terms turnover amounted to EUR 22.8 million, 2.2 % higher than in the same period of 2010.

The turnover of Duador, a range of oral contraceptives, Rostat, and Cavinton contributed the most to the sales growth achieved during the first nine months of 2011.

Significant delays in payment terms have characterised the market for a few years now. From 1 October 2009 the Government approved a claw back regime in the range of 5-12 % (aimed at financing the overspending of the national pharmaceutical budget) to be paid to the Central Insurance House. While a government decree regulating the execution of the above claw back has still not been implemented, increasing delays (up to 360 days) in payments have put further pressure on the financing capacities of the supplier companies. An additional Government decree regulating claw backs in the event of budgetary overspending was released in September 2011 and the details of this have proved to be controversial.

In the third quarter 2011 the combination antihypertensive/lipid lowering product, Duplecor (amlodipine+atorvastatin) was launched in Romania. This product has been developed and is currently manufactured by Gedeon Richter Romania.

In the **EU 9** region sales totalled EUR 56.7 million in the first nine months of 2011, 10.1 % higher in Euro terms than in the same period of the last year. This area represented 26 % of the total EU region sales of the Group's pharmaceutical segment.

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

In the **Czech Republic** turnover in the first nine months 2011 amounted to EUR 19.7 million, representing growth of EUR 2.6 million over sales levels achieved in the base period. The sales increase was mainly attributable to a range of oral contraceptives, Lunaldin and Mertenil. In **Slovakia** turnover amounted to EUR 16.5 million in the first nine months of 2011. The good performance of Zaranta, Ossica and Lunaldin was primarily responsible for the EUR 1.3 million sales growth achieved. In the **Baltic States** sales amounted to EUR 11.5 million in the first nine months of 2011, marginally (EUR 0.9 million) higher when compared to the same period of 2010. In **Bulgaria** sales totalled EUR 8.8 million in the reported period, representing growth of 5.1 % over the sales levels achieved in the first nine months of the previous year.

In the **'traditional' 15 EU Member States** sales amounted to EUR 79.4 million in the first nine months of 2011, 77.6 % higher in Euro terms than in the corresponding period of the previous year. This region contributed 37 % of total EU pharmaceutical sales. When turnover (EUR 36.2 million) originating from sales of the product portfolio acquired from Grünenthal in late 2010 are excluded from the above figure sales revenue from this region amounted to EUR 43.2 million, 3.4 % lower than in the same period of the previous year.

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 37.1 million in the first nine months of 2011. In **France** the Group's turnover amounted to EUR 8.6 million in the reported period. Sales to **Spain** amounted to EUR 8.1 million while turnover recorded on the **Italian** market reached EUR 7.9 million. The recently acquired Grünenthal OC portfolio impacted sales to these markets in the amount of EUR 33.4 million.

4.1.3 CIS

Sales to the **CIS** in the first nine months 2011 totalled EUR 301.8 million, essentially flat compared with sales levels achieved in the same period of 2010, primarily as a consequence of approximately two months worth of preshipments to Russia realised in the third quarter of 2010 which created a high base for the year-on-year comparison. Good growth was reported in Ukraine in US$ terms while a decline was recorded in the Other CIS republics region.

Sales to **Russia** totalled EUR 226.5 million (RUB 9.2 billion) in the first nine months of 2011, 2.2 % higher than in the base period. With effect from 1 January 2011 Richter changed the invoicing currency from the Euro to the Rouble. A slightly devaluating Rouble against the Euro together with approximately two months worth of preshipments realised in the third quarter 2010 impacted negatively on the year on year comparison. When the base period is adjusted, an approximate 18 % growth in Euro terms was recorded in Russia in the first three quarters 2011 in spite of weakening purchasing power, hurt by higher inflation and declining private sector confidence, which has largely offset the positive impact of high oil prices. Good growth was achieved by Panangin, Mydeton, Suprax and Airtal. The range of oral contraceptives also contributed to the sales levels achieved in the reported period.

We are pleased to note that in line with the Pharma2020 strategy announced by the Russian Government which aims towards the manufacturing of most essential medicines in Russia by 2016 Richter has been able to initiate a multi-phase project which will further increase its Russian warehousing and manufacturing capacities.

Sales to **Ukraine** amounted to US$ 48.4 million (EUR 34.3 million) in the first nine months of 2011, a healthy 7.6 % growth (0.6 % decline in EUR terms) over a relatively high base level reported in the same period of 2010. Political stabilisation in the country had a beneficial effect on the economic climate. Turnover of Groprinosin, Aflamin and the range of oral contraceptives contributed the most to the sales levels recorded.

In line with the strategic aim of renewing the product portfolio in all markets the clopidogrel containing haematologic Tessyron and the trimetazidine containing Predizin for cardiac therapy were launched in the third quarter 2011 in Ukraine.

Sales in **Other CIS republics** totalled US$ 57.7 million (EUR 41.0 million) in the first nine months of 2011, a 9.0 % (15.8 % in Euro terms) decline over the levels achieved in the same period of 2010. Lower sales in **Kazakhstan** and in **Uzbekistan** were responsible for the year-on-year decline recorded.

4.1.4 USA

Sales in the **USA** totalled US$ 71.7 million (EUR 50.9 million) in the first nine months of 2011, a decline of 28.3 % in US$ terms (33.6 % in EUR terms). As indicated in previous reports revenues in connection with drospirenone related profit sharing agreements declined further in the first nine months of 2011 due to increased generic competition. Turnover of matured gynaecological products showed some growth year on year.

4.1.5 Rest of the World

Sales in these countries amounted to EUR 42.7 million (US$ 60.3 million) in the first nine months of 2011, an increase of 24.5 % (34.9 % in US$ terms) when compared to the same period of 2010.

Notable sales levels were achieved in **Switzerland** (EUR 7.1 million), **Vietnam** (EUR 5.1 million) and **Serbia** (EUR 3.1 million). In **Brazil** sales increased by EUR 1.5 million amounting to EUR 2.8 million in the first nine months of 2011. Sales levels declined both in **China** to EUR 3.6 million and in **Japan** to EUR 2.7 million.

4.2 Sales report – Wholesale and Retail segment

HUFm	**2011**	**2010**	**Change**	
	9 months to September			%
Hungary	429	195	234	120.0
Romania	22,196	26,781	-4,585	-17.1
CIS	3,876	2,404	1,472	61.2
Total	**26,501**	**29,380**	**-2,879**	**-9.8**

EURm	**2011**	**2010**	**Change**	
	9 months to September			%
Hungary	1.6	0.7	0.9	128.6
Romania	81.9	97.1	-15.2	-15.7
CIS	14.3	8.8	5.5	62.5
Total	**97.8**	**106.6**	**-8.8**	**-8.3**
Average exchange rate (EUR / HUF)	270.9	275.8	-4.9	-1.8

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

84 % of the turnover in the wholesale and retail segment was realised by our Romanian subsidiaries (RON 345.2 million), with the remainder primarily invoiced by our subsidiaries in the CIS region. The decline in turnover in Romania was 14.9 % in RON terms (15.7 % in EUR terms) in the first nine months of 2011, primarily due to shipments to the wholesaler company of the Group withheld as a result of the deteriorating payment pattern of the pharmacies themselves impacted by delayed payments from the National Health Insurance House.

5. Female Healthcare

In recognition of the strategic importance of this therapeutic area a brief presentation of the Female Healthcare (FH) franchise is presented below and will also be provided in future Group quarterly reports. This therapeutic area includes the following product groups and therapeutic indications: oral contraceptives (OC), emergency contraceptives (EC), contraceptive devices (CD); menopausal care, pregnancy care and obstetrics, gynaecological infections, and other gynaecological conditions. Please refer to Appendix 4 on page 22 for a comprehensive list of major products belonging to this therapeutic field. All data reflect pharmaceutical segment figures in this chapter.

5.1 Sales

HUFm	2011	2010	Change	
	9 months to September			%
Hungary	3,329	3,622	-293	-8.1
EU (*)	23,402	13,014	10,388	79.8
CIS	16,937	18,440	-1,503	-8.2
USA	13,042	20,624	-7,582	-36.8
Rest of the World	5,909	4,532	1,377	30.4
Total	**62,619**	**60,232**	**2,387**	**4.0**

EURm	2011	2010	Change	
	9 months to September			%
Hungary	12.3	13.1	-0.8	-6.1
EU (*)	86.4	47.2	39.2	83.1
CIS	62.5	66.9	-4.4	-6.6
USA	48.2	74.8	-26.6	-35.6
Rest of the World	21.8	16.4	5.4	32.9
Total	**231.2**	**218.4**	**12.8**	**5.9**
Average exchange rate (EUR / HUF)	270.9	275.8	-4.9	-1.8

(*) Note: All Member States of the EU, except for Hungary.

5.1.1 Hungary

In **Hungary** FH sales totalled HUF 3,329 million (EUR 12.3 million) in the first nine months of 2011, 8.1 % (in Euro terms 6.1 %) lower than in the same period of 2010.

5.1.2 European Union

FH sales in the **European Union**, excluding Hungary, amounted to EUR 86.4 million in the first nine months to September 2011, representing an increase of EUR 39.2 million (83.1 %) when compared to the first three quarters in 2010.

In the reported period sales of FH products represented 40 % of the turnover in this region.

In the **EU 9** including Romania and Poland region FH sales totalled EUR 33.0 million in the first three quarters in 2011, 10.7 % higher when compared to the same period of 2010. This area represented 38 % of the Group's total EU region FH sales.

In the **'traditional' 15 EU Member States** FH sales amounted to EUR 53.4 million in the first three quarters of 2011, showing a EUR 36.0 million growth over the levels recorded in the same period of the previous year. This region contributed 62 % of total EU FH sales. When turnover originating from sales of the recently acquired Grünenthal OC portfolio (EUR 36.2 million) are excluded from the above figure FH sales revenue from this region amounted to EUR 17.2 million, 1.1 % lower than in the same period of the previous year.

In **Germany** Richter Group reported gynaecological sales of EUR 27.1 million, representing a EUR 22.5 million increase when compared to the levels reported in the same period of 2010.

Sales of the recently acquired OC portfolio accounted for EUR 23.2 million in **Germany**, EUR 5.8 million in **Spain** and to EUR 4.0 million in **Italy**.

In **France** the Group's turnover proceeding from FH products amounted to EUR 5.1 million in the first three quarters of 2011.

5.1.3 CIS

FH sales to the **CIS** in the first nine months to September 2011 totalled EUR 62.5 million, representing a decline of EUR 4.4 million over the sales levels achieved in the same period of 2010.

Turnover of gynaecological products led by the range of oral contraceptives represented 21 % of total CIS sales in the first nine months to September 2011.

5.1.4 USA

FH sales in the **USA** totalled US$ 67.9 million (EUR 48.2 million) in the first nine months of 2011, a 30.4 % decline in US$ terms (35.6 % in EUR terms) when compared to the base period.

Sales of FH products, including the profit sharing related to drospirenone, represented 95 % of US sales.

Growth in sales of our finished form emergency contraceptive Plan B OneStep was recorded during the reported period.

5.1.5 Rest of the World

Sales in these countries amounted to EUR 21.8 million (US$ 30.8 million) in the first nine months to September 2011, an increase of 32.9 % (43.3 % in US$ terms) when compared to the same period in 2010.

5.2 Marketing of Female healthcare product portfolio

Sales of the female healthcare portfolio are supported by a highly specialised and wide sales network active in all of the CIS and CEE countries. Following the acquisition in late 2010 of the OC portfolio divested by Grünenthal and preparing for future sales of Esmya in Western Europe Richter has expanded its sales network in the key EU15 countries: Germany, Italy and Spain. Further sales force personnel have been added in selected markets including Austria, Portugal and Switzerland by establishing new local companies. The number of medical representatives in the EU15 region amounted to approximately 100 on 30 September 2011.

5.3 Expanding the female healthcare product portfolio

5.3.1 Research and development

The acquisition of PregLem, a Swiss research and clinical development oriented company made possible the inclusion of Female Healthcare as a therapeutic area of original research activity in addition to the existing therapeutic field of CNS within the original research activity carried on by Richter. Esmya, developed by PregLem against uterine fibroids was filed in late 2010 for European registration. As proceedings fall broadly in line with the pre-established schedule, the marketing approval is expected to be granted by the relevant authority by the first half of 2012. PregLem, a wholly owned subsidiary of Richter and the US company, Watson signed an agreement in December 2010 for the clinical development, and subsequent to regulatory approval, the launch of Esmya in North America.

5.3.2 New product launches

Midiana a fourth generation, drospirenone containing OC was launched in Ukraine and in Slovakia (under the brand name Daylette) in the third quarter 2011.

6. Main financial indicators

	HUFm			EURm		
	2011	2010*	Change	2011	2010*	Change
	9 months to September		%	9 months to September		%
Total sales	218,277	215,680	1.2	805.8	782.0	3.0
Gross profit	137,313	132,165	3.9	506.9	479.2	5.8
Profit from operations	48,904	53,760	-9.0	180.5	194.9	-7.4
Net financial income	(3,580)	6,757	n.a.	(13.2)	24.5	n.a.
Profit before taxation	43,014	61,037	-29.5	158.8	221.3	-28.2
Net income attributable to equity holders of parent company	40,315	57,443	-29.8	148.8	208.3	-28.6
EBITDA	67,191	68,609	-2.1	248.0	248.7	-0.3

	2011	2010
	9 months to September	
	%	%
Gross margin	62.9	61.3
Operating margin	22.4	24.9
Net income margin attributable to equity holders of parent company	18.5	26.6

* Note: Adjusted due to the reclassification of local business tax.

7. Costs, Expenses, Profits

Cost of sales amounted to HUF 80,964 million, (EUR 298.9 million), a decrease of HUF 2,551 million (EUR 3.9 million) when compared with the first three quarters of 2010.

Gross margin in the nine months to September 2011 at 62.9 % increased when compared with the 61.3 % level achieved in the same period of 2010. This favourable change resulted from the following factors: the proportion of higher than average and improving margin of the pharmaceutical segment increased as a result of the increasing turnover originating from the OC portfolio acquired from Grünenthal recorded mostly on the EU 15 markets while the turnover realised by the low margin wholesale and retail business substantially declined when compared to the base period.

Sales and marketing expenses amounted to HUF 57,923 million (EUR 213.8 million) during the nine months to September 2011, a 32.6 % (35.1 % in Euro terms) increase compared with the first three quarters of 2010. The proportion to sales of S&M expenses was 26.5 %. Sales and marketing costs were impacted by a substantial expansion of our sales network combined with increased promotional activities in the CIS countries. Costs related to a Western European sales force for the marketing of our existing and future gynaecological portfolio in this region also contributed to the higher level of these costs.

Amortisation of the marketing and intellectual property rights acquired from Grünenthal in the amount of HUF 3,252 million representing approximately 1,5 % of total sales.

The annual registration fee payable in respect of medical representatives in Hungary amounted to HUF 207 million in the three months to March 2011 period. The entire fee due for the second and third quarters of 2011 were deducted based on R&D expenditures realised by Richter.

Administrative and general expenses totalled HUF 13,932 million (EUR 51.5 million) during the first nine months of 2011, representing a 2.0 % (0.2 % in Euro terms) decrease when compared with the levels recorded in the same period of the previous year. These expenses include the time proportional amount of liabilities connected with medium term PregLem management incentive schemes.

Research and development costs represented 10.7 % of sales and decreased by 5.2 % to HUF 23,385 million (EUR 86.3 million) during the reported period. These costs include the ongoing clinical trials being carried out in co-operation with Forest Laboratories while R&D expenses of the Group also now include such costs of both the PregLem and Richter-Helm Biologic subsidiary companies.

Other income and other expenses, totalled an income of HUF 6,831 million (EUR 25.2 million) during the nine months to September 2011, compared with an income of HUF 4,150 million (EUR 15.0 million) in the same period of 2010.
On 3 August 2011 the International Court of Arbitration of the International Chamber of Commerce (ICC) adjudicated to the Company in its arbitration proceedings related to the failure of the Polpharma transaction (see Chapter 11.3.1 on page 19 for further information) the amount of US$ 40 million (HUF 7,513 million) as a break fee and a further US$ 3.5 million (HUF 638 million) as interest thereof. The fee and related interest have been accounted for entirely under Other Income and Expenses. The base period was substantially impacted by a milestone payment received in the second quarter 2010 in respect of a successful Phase III trial of Cariprazine.
As a consequence of overdue receivables at our Romanian operations Richter has accounted for impairment losses in the third quarter of 2011 at the Romanian wholesaler. Similar problems arose in Ukraine leading to impairment losses registered at the Parent company. The combined amount of such impairment losses was HUF 1.7 bn.

The 12 % tax obligation payable in respect of turnover related to reimbursed sales in Hungary amounted to HUF 476 million in the first three months to March 2011. The entire tax due for the second and third quarter 2011 was reversed following an amendment to the drug economic act which came into effect on 1 July 2011 which permitted the deduction of 100 % of such fees paid in respect of 2010 based on the level of R&D expenditures by Richter.

Other income and expenses exclude any eventual provisions in respect of the claw-back regime announced in Romania.

Profit from operations was 9.0 % lower at HUF 48,904 million when compared with the first three quarters of 2010. In Euro terms operating profit was EUR 180.5 million, a decrease of 7.4 % when compared to the same period of the previous year. The consolidated operating margin decreased to 22.4 % during the reported period from the 24.9 % reported in 2010 primarily due to higher operating costs. The year-on-year change reflects the positive impact of a break-up fee accounted for in the reported period together with a milestone payment received in the base period.

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

	HUFm			EURm		
	2011	2010	Change	2011	2010	Change
	9 months to September			9 months to September		
Unrealised financial items	**(2,670)**	**(577)**	**-2,093**	**(9.8)**	**(2.1)**	**-7.7**
Reassessment of currency related trade receivables and trade payables	900	(658)	1,558	3.3	(2.4)	5.7
Reassessment of currency loans	30	79	-49	0.1	0.3	-0.2
Reassessment of credit	(2,155)	-	-2,155	(8.0)	-	-8.0
Reassessment of other currency related items	1,374	(108)	1,482	5.1	(0.4)	5.5
Normal interest expense related to liability in respect of PregLem	(2,755)	-	-2,755	(10.1)	-	-10.1
Reversal of assessment of forward exchange contracts as of 1 January	(64)	108	-172	(0.2)	0.4	-0.6
Result of unrealised forward exchange contracts	-	2	-2	-	0.0	0.0
Realised financial items	**(910)**	**7,334**	**-8,244**	**(3.4)**	**26.6**	**-30.0**
Result of realised forward exchange contracts	195	(1,669)	1,864	0.7	(6.1)	6.8
Exchange (losses) / gains realised on trade receivables and trade payables	(2,603)	4,886	-7,489	(9.6)	17.7	-27.3
Exchange (losses) / gains on conversion	(75)	601	-676	(0.3)	2.2	-2.5
Dividends	56	9	47	0.2	0.0	0.2
Interest income	2,135	3,355	-1,220	7.9	12.2	-4.3
Interest expense	(877)	(84)	-793	(3.2)	(0.3)	-2.9
Other	259	236	23	0.9	0.9	0.0
Net financial income/(loss)	**(3,580)**	**6,757**	**-10,337**	**(13.2)**	**24.5**	**-37.7**

The net financial loss in the reported period totalled HUF 3,580 million (EUR 13.2 million), reflecting a decrease of HUF 10,337 million (EUR 37.7 million) when compared to a net financial gain of HUF 6,757 million (EUR 24.5 million) reported in the same period of 2010.

At the end of each reporting period foreign currency related assets and liabilites are routinely reassessed with the change in value being reflected as unrealised financial items. The total impact of such reassessments amounted to a gain of HUF 149 million at the end of the reported period, an increase of HUF 836 million when compared with HUF 687 million loss at the end of the base period.

Fluctuations of period end exchange rates used during such reassessments are shown in the following table:

	30.09.2010	**31.12.2010**	**31.03.2011**	**30.06.2011**	**30.09.2011**
EUR/HUF	277.00	277.75	265.78	265.61	292.12
US$/HUF	203.82	208.95	186.98	183.39	215.65

In accordance with the recent Auditor’s advice future liabilities arising from the acquisition of PregLem have been reassessed as of 30 September 2011 at their net present value resulting in a charge of HUF 2,755 million (EUR 10.1 million).

Declining net interest income together with the interest payment on a EUR 150 million loan undertaken by Richter on 26 November 2010 have both impacted negatively net financial income.
On 14 June 2011 Richter Gedeon Plc. and the European Investment Bank signed a EUR 150 million credit line contract aimed at the financing of Richter's original research activities targeting compounds, which are active in diseases of the Central Nervous System, combined with the development of biosimilar products. No credit tranche has yet been drawn down.

Net financial income for the Group differs from its corresponding figure for the Parent Company due to the consolidation of the intragroup transactions (typically intragroup loans, reassessment of trade receivables and trade payables, intragroup dividends and interests). See details of financial income for the Parent company on page 31.

The **Income from associates** amounted to a loss of HUF 2.310 million (EUR 8.5 million) in the first nine months of 2011. A deteriorating solvency position at Hungarian pharmacies resulted in overdue debts having been accumulated at Hungaropharma and this has led to an impairment loss being accounted for by Hungaropharma. The share proportional stake of this loss has been accounted by Richter in the amount of HUF 2,389 million.

Profit before taxation amounted to HUF 43,014 million (EUR 158.8 million), a decrease of HUF 18.023 million (EUR 62.5 million) compared to the levels achieved in the first three quarters of 2010.

Profit after taxation was HUF 40,395 million (EUR 149.1 million), HUF 17,272 million (EUR 60.0 million) lower than profit after taxation in the same period of 2010.

The above Profit after taxation includes income from a **Non-controlling interest**, the balance of which totalled HUF 80 million (EUR 0.3 million) at the end of September 2011.

Net income attributable to owners of the parent decreased by HUF 17.128 million (EUR 59.5 million) during the reported period to HUF 40,315 million (EUR 148.8 million). It represented 18.5 % of sales compared with the 26.6 % reported for the same period of the previous year.

8. Earnings per share

	HUF			EUR		
	2011	2010	Change	2011	2010	Change
	9 months to September		%	9 months to September		%
Basic EPS	2,165	3,085	-29.8	7.99	11.19	-28.6
Diluted EPS	2,163	3,082	-29.8	7.98	11.18	-28.6

Basic earnings per share totalled HUF 2,165 per share (EUR 7.99 per share) in the reported period, a decrease of 29.8 % (28.6 % in Euro terms).

The weighted average number of shares in issue during the nine months to September 2011 was 18,620,087 and 18,617,410 for the same period in 2010.

Diluted earnings per share amounted to HUF 2,163 per share (EUR 7.98 per share) in the first three quarters of 2011, a decrease of 29.8 % (28.6 % in Euro terms) when compared with HUF 3,082 per share (EUR 11.18 per share) in the same period in 2010.

The weighted average number of shares outstanding during both 2011 and 2010 was 18,637,486.

9. Balance sheet

Total assets and total shareholders' equity and liabilities of the Group amounted to HUF 623,434 million at 30 September 2011, HUF 24,614 million, or 4.1 % higher than that reported at 31 December 2010.

Non-current assets amounted to HUF 351,345 million at 30 September 2011, 1.0 % below the amount reported at 31 December 2010. The amount of Investment in associates decreased during the reported period. A deteriorating solvency position at Hungarian pharmacies resulted in overdue debts having been accumulated at Hungaropharma and this has led to an impairment loss being accounted for by with Hungaropharma. The share proportional stake of this loss has been accounted by Richter in the amount of HUF 2,389 million. A decrease was also recorded in Other financial assets to reflect the fair value of Richter's stake in Protek.

Current assets amounted to HUF 272,089 million and increased by HUF 28,296 million (11.6 %) when compared to the level reported at 31 December 2010 mainly due to higher levels of Cash together with Inventories.

Shareholders' equity of the Group amounted to HUF 458,510 million, an increase of HUF 20,852 million over the balance as at 31 December 2010.

Non-current liabilities of the Group at 30 September 2011 at HUF 78,831 million were HUF 20,273 million lower than the levels reported at the end of the previous year mainly as a result of a reclassification of certain liabilities related to the PregLem acquisition as current liabilities.

Current liabilities of the Group at HUF 86,093 million on 30 September 2011 were 38.7 % higher than at 31 December 2010 mainly as a result of liabilities related to the acquisition of PregLem.

10. Capital expenditure

Capital expenditure for the Group including payments for intangible assets totalled HUF 17,453 million compared to HUF 12,828 million reported for the first nine months of 2010. Capital expenditure linked to the development of biotechnology R&D facilities and manufacturing capacity in Hungary was HUF 3,160 million during the reported period.

11. Corporate matters

11.1 Information regarding Richter shares

11.1.1 The total number of shares in issue as at 30 September 2011 remained unchanged from the levels reported as at 30 June 2011.

	30 September 2011			30 June 2011		
	Number	Nominal value HUF '000	%	Number	Nominal value HUF '000	%
Ordinary shares	18,637,486	18,637,486	100.0	18,637,486	18,637,486	100.0

11.1.2 The number of shares held by the Parent company in Treasury increased slightly during the third quarter of 2011.

	Ordinary shares		
	30 September 2011	30 June 2011	31 December 2010
Number	21,495	21,200	11,424
Nominal value (HUF '000)	21,495	21,200	11,424
Book value (HUF '000)	776,209	765,840	494,430

In addition, on 30 September 2011 the Group's subsidiaries held a total of 10,550 ordinary Richter shares.

Due to a repurchase obligation stipulated in the programme approved by the Ministry of Finance related to employee share bonuses, the Company repurchased 295 shares from employees who resigned from the Parent company during the third quarter 2011.

The Board of Directors of Gedeon Richter Ltd. decided to introduce a bonus share programme at the Company in 1996. Beneficiaries of the programme are the heads of departments, senior managers and selected key employees of the Company. Based on a detailed assessment of the individual's performance, bonus shares are granted at the end of every six months. Bonus shares to be granted at the end of the second half of 2011 are expected to amount to HUF 693 million.

Based on a decision dated 3 October 2011 the Board of Directors of Gedeon Richter Ltd. approved that the three year programme related to employee share bonuses for the years 2009-2011 to be applied for 2011 as well. The share bonus program encompasses about 4,781 employees with the value of the shares being estimated to amount to HUF 1,799 million. The shares are to be transferred in December 2011.

The costs of the programmes have been accrued on a monthly basis with those related to the nine months to September 2011 being included in the accounts attached to this report.

The total number of Company shares at Group level held in Treasury at 30 September 2011 was 32,045.

11.2 Share ownership structure

The shareholder structure as of 30 September 2011 is presented in detail in the following table:

Ownership	Ordinary shares Number	Voting rights %	Share capital %
Domestic ownership	**7,112,455**	**38.23**	**38.15**
MNV Zrt.	4,700,370	25.27	25.22
Hungarian Pension Reform and Public Debt Reduction Fund	921,361	4.95	4.94
Municipality	100	0.00	0.00
Institutional investors	888,052	4.77	4.76
Retail investors	602,572	3.24	3.23
International ownership	**11,476,481**	**61.68**	**61.59**
Institutional investors	11,344,264	60.97	60.88
out of which Bank of New York Mellon (1)	1,261,697	6.78	6.77
out of which Aberdeen Asset Mgmt. Plc.	2,354,729	12.66	12.63
out of which Skagen Kon-Tiki Verdipapirfond	968,258	5.20	5.20
Retail investors	132,217	0.71	0.71
Treasury shares (2)	**32,045**	**0.00**	**0.17**
Undisclosed ownership	**16,505**	**0.09**	**0.09**
Share capital	**18,637,486**	**100.00**	**100.00**

Note: (1) Global custodians
(2) Treasury shares include the combined ownership of the parent company and subsidiaries.

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

11.3 Other information

11.3.1 On 9 August 2011 Gedeon Richter Plc. announced that on 8 August 2011 the Company had received the award of the International Court of Arbitration of the International Chamber of Commerce (ICC) dated August 3, 2011 in the arbitration proceedings related to the failure of the Polpharma transaction. Gedeon Richter Plc. initiated the proceedings in December 2008 against Genefar BV claiming compensation for damages caused by breach of contract. In its award the Arbitral Tribunal ordered Genefar BV to pay to Gedeon Richter Plc. USD 40 million plus interest until payment as break fee. By the award the arbitration proceedings were closed, the Arbitral Tribunal dismissed the parties' further claims (including Genefar BV's counterclaim).

The break fee adjudicated to Richter has been acknowledged in the Profit and Loss Statement for the nine months to September 2011 period under the Other income and expenses line. The amount in its entirety has been collected in October 2011.

11.3.2 On 30 August 2011 Gedeon Richter Plc. and Stada Arzneimittel AG announced that they have signed two separate license and collaboration agreements in respect of the development and marketing of two biosimilar products, the monoclonal antibodies Rituximab and Trastuzumab.

11.3.3 On 5 October 2011 Gedeon Richter Plc. and Forst Laboratories, Inc. announced positive preliminary top-line results from a Phase III clinical trial of cariprazine (RGH-188), an investigational antipsychotic agent, in patients with acute mania associated with bipolar I disorder.

Appendix 1

Principal companies of Richter Group[*]

A. Pharmaceutical companies

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

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

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

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

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

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

PregLem: Acquired in 2010, our wholly owned Swiss subsidiary is involved in the research and clinical development of original compounds for a number of female healthcare conditions including uterine fibroids.

B. Wholesaler and retail companies

Wholesaler:

Pharmafarm: Wholesaling group, which supports our products on the Romanian market.

Retail companies:

Gedeon Richter Farmacia: Retail operation in Romania comprising 117 pharmacy units which supports the promotion and sale of Richter products.

C. Other companies

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

[*]Note: Excluding Joint ventures and Other interests.

Appendix 2

Products, active ingredients

The following products are referred to in this report:

Product	Active pharmaceutical ingredients	Therapeutic area
Aflamin* / Airtal*	aceclofenac	Non-steroid antiinflammatory
Avonex*	interferon beta-1a	CNS, Multiple sclerosis
Calumid	bicalutamide	Prostate cancer
Cavinton	vinpocetine	CNS, brain oxygenation enhancer
Daylette / Midiana	drospirenone	Gynaecology, oral contraceptive
Duador	dihydrochandone	Antiparasitic
Duplecor	amlodipine + atorvastatin	Cardiovascular, antihypertensive, cholesterol lowering
Esmya**	ulipristal acetate	Gynaecology, uterine myoma
Groprinosin	inosine pranobex	Antiviral
Lisonorm	lisinopril + amlodipine	Cardiovascular, antihypertensive
Lunaldin*	fentanyl	CNS, narcotic analgesic
Mydeton / Mydocalm	tolperisone	Muscle relaxant
Nebibeta*	nebivolol	Cardiovascular, antihypertensive
Nortivan*	valsartan	Cardiovascular, antihypertensive
Nortivan HCT*	valsartan + hydrochlorothiazide	Cardiovascular, antihypertensive
Ossica	ibandronate	Oncology / Gynaecology, anti osteoporosis
Panangin	asparaginates	Cardiovascular, cardiac therapy
Plan B OneStep	levonorgestrel	Gynaecology, emergency contraception
Predizin	trimetazidine	Cardiovascular, cardiac therapy
Protevasc	trimetazidine	Cardiovascular, cardiac therapy
Suprax*	cefixime	Antibiotic
Tessyron	clopidogrel	Haematology, antithrombotic
Xeter / Mertenil / Zaranta / Rostat	rosuvastatin	Cardiovascular, cholesterol lowering

Notes: * Licenced-in products
** Drug under approval for sales in the EU

Appendix 3

Average exchange rates used for indicative purposes

	2010 M9	2010 M12	2011 Q1	2011 H1	2011 M9
EUR / HUF	275.8	275.8	272.3	269.1	**270.9**
US$ / HUF	211.5	209.9	198.9	191.2	**192.1**
EUR / US$	1.30	1.31	1.37	1.41	**1.41**

Appendix 4

Female healthcare products and their respective APIs

Product		Active pharmaceutical ingredients	Notes
Oral contraceptives (OC)			
	Rigevidon	LVG+EE	
	Tri-Regol	LVG+EE	Tri-phase (6+5+10 days)
	Regulon / Desorelle	DSG+EE	
	Novynette	DSG+EE	
	Desmin	DSG+EE	acquired from Grünenthal in 2010
	Bemasive	DSG+EE	acquired from Grünenthal in 2010
	Azalia / Lactinette	DSG	
	Lindynette 20 / Karissa	GST+EE 20mcg EE	
	Lindynette 30	GST+EE 30 mcg EE	
	Milligest / Tristin / Perlean	GST+EE	Tri-phase (6+5+10 days)
	Samba / Oviala	DSG+EE	Tri-phase (6+5+10 days)
	Volina / Midiana	DRP+EE 30mcg EE	
	Symicia / Daylette	DRP+EE 20mcg EE	
	Belara	CLM+EE	acquired from Grünenthal in 2010
	Chariva	CLM+EE	acquired from Grünenthal in 2010
	Lybella	CLM+EE	acquired from Grünenthal in 2010
	Balanca	CLM+EE	acquired from Grünenthal in 2010
	Neo-Eunomin	BCLM+EE	acquired from Grünenthal in 2010
	Eve 20	norethisterone+EE	acquired from Grünenthal in 2010
Emergency contraceptives (EC)			
	Postinor / Rigesoft / Levonelle-2 / Plan B	LVG (2x)	
	Escapelle / Levonelle One-Step / Plan B One Step	LVG (1x)	
	EllaOne	ulipristal acetate	Licensed-in
Contraceptive device (CD)			
	Goldlily / Silverlily		IUD, Cu+Au, Cu+Ag
Menopausal care			
	Tulita / Minivel	estradiol+norethisterone	
	FemSeven	estradiol hemihydrate	Licensed-in hormonal patches
	FemSeven Combi	estradiol+LVG	Licensed-in hormonal patches
	Triaklim	estradiol+norethisterone	
	Pausogest	norethisterone+estradiol	
	Estrimax	estradiol	
	Sedron / Ostalon / Siranin/ Beenos	alendronate	
	Calci-Sedron-D	alendronate, Ca+vitamin D_3	
	Ossica	ibandronate	
Pregnancy care and Obstetrics			
	Gravida	vitamins	Licensed-in
	Oxytocin	oxytocine	
	Bromocriptin	bromocriptin mesilate	
Gynaecological infections			
	Mycosyst	fluconazole	
	Gyno Femidazol	miconazole	
	Gynazol	butoconazole	
	Klion D	metronidazole+miconazole	
Other Gynaecological conditions			
	Norcolut	norethisterone	premenstruation syndrome

Abbreviations used:

LVG:	Levonorgestrel	DRP:	Drospirenone
EE:	Ethinyl estradiol	GST:	Gestodene
CLM:	Chlormadinone	DSG:	Desogestrel
		BCLM:	Bi-chlormadinone

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Balance Sheet

	30 September 2011 Unaudited HUFm	31 December 2010 Audited HUFm	Change %
ASSETS	**623,434**	**598,820**	**4.1**
Non-current assets	**351,345**	**355,027**	**-1.0**
Property, plant and equipment	146,644	144,674	1.4
Investment property	996	1,006	-1.0
Goodwill	31,789	29,933	6.2
Other intangible assets	149,091	150,726	-1.1
Investments in associates	3,677	6,093	-39.7
Other financial assets	12,831	18,278	-29.8
Deferred tax assets	2,168	1,624	33.5
Loans receivable	4,149	2,693	54.1
Current assets	**272,089**	**243,793**	**11.6**
Inventories	62,773	51,657	21.5
Trade receivables	86,976	85,602	1.6
Other current assets	19,956	10,485	90.3
Investments in securities	12,615	20,285	-37.8
Current tax assets	497	164	203.0
Cash and cash equivalents	89,272	75,600	18.1
EQUITY AND LIABILITIES	**623,434**	**598,820**	**4.1**
Capital and reserves	**458,510**	**437,658**	**4.8**
Share capital	18,638	18,638	0.0
Treasury shares	(821)	(539)	52.3
Share premium	15,214	15,214	0.0
Capital reserves	3,475	3,475	0.0
Foreign currency translation reserves	(2,197)	(3,771)	-41.7
Revaluation reserve for available for sale investments	(1,771)	3,356	n.a.
Retained earnings	422,460	398,154	6.1
Non-controlling interest	3,512	3,131	12.2
Non-current liabilities	**78,831**	**99,104**	**-20.5**
Borrowings	43,928	41,694	5.4
Deferred tax liability	20,808	19,680	5.7
Other non-current liabilities	14,095	37,730	-62.6
Current liabilities	**86,093**	**62,058**	**38.7**
Borrowings	349	21	n.a.
Trade payables	32,021	32,370	-1.1
Current tax liabilities	-	192	-100.0
Other payables	51,775	27,298	89.7
Provisions	1,948	2,177	-10.5

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

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Consolidated statement of changes in equity

HUFm	Share capital	Share premium	Capital reserves	Treasury shares	Foreign currency translation reserves	Retained earnings	Revaluation reserve for available for sale investments	Attributable to owners of the parent	Non-controlling interest	Total
Balance at 31 December 2010	**18,638**	**15,214**	**3,475**	**(539)**	**(3,771)**	**398,154**	**3,356**	**434,527**	**3,131**	**437,658**
Net profit	-	-	-	-	-	40,315	-	40,315	80	**40,395**
Exchange differences arising on translation of foreign operations	-	-	-	-	1,574	-	-	1,574	301	**1,875**
Revaluation reserve for available for sale investments	-	-	-	-	-	-	(5,127)	(5,127)	-	**(5,127)**
Comprehensive income at 30 September 2011	**-**	**-**	**-**	**-**	**1,574**	**40,315**	**(5,127)**	**36,762**	**381**	**37,143**
Other changes of retained earnings	-	-	-	-	-	-	-	-	-	**-**
Treasury shares issued and purchased	-	-	-	(282)	-	-	-	(282)	-	**(282)**
Dividend for 2010	-	-	-	-	-	(16,009)	-	(16,009)	-	**(16,009)**
Absorption of non-controlling interest	-	-	-	-	-	-	-	-	-	-
Recognition of share-based payments	-	-	-	-	-	-	-	-	-	**-**
Balance at 30 September 2011	**18,638**	**15,214**	**3,475**	**(821)**	**(2,197)**	**422,460**	**(1,771)**	**454,998**	**3,512**	**458,510**

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Sector: Pharmaceutical
Reporting period: January-September 2011

Telephone: +36-1-431-5764
Fax: +36-1-261-2158
E-mail address: investor.relations@richter.hu
Investor relations manager: Katalin Ördög

Income Statement

12 months to Dec 2010 Audited HUFm		9 months to September 2011 Unaudited HUFm	2010* Unaudited Adjusted HUFm	Change %
275,312	**Total revenues**	**218,277**	**215,680**	**1.2**
(107,137)	Cost of sales	(80,964)	(83,515)	-3.1
168,175	**Gross profit**	**137,313**	**132,165**	**3.9**
(59,544)	Sales and marketing expenses	(57,923)	(43,672)	32.6
(21,890)	Administration and general expenses	(13,932)	(14,222)	-2.0
(27,126)	Research and development expenses	(23,385)	(24,661)	-5.2
3,038	Other income and other expenses (net)	6,831	4,150	64.6
62,653	**Profit from operations**	**48,904**	**53,760**	**-9.0**
18,095	Finance income	15,522	18,357	-15.4
(13,022)	Finance cost	(19,102)	(11,600)	64.7
5,073	**Net financial income/(loss)**	**(3,580)**	**6,757**	**n.a.**
50	Share of profit of associates	(2,310)	520	n.a.
67,776	**Profit before income tax**	**43,014**	**61,037**	**-29.5**
12	Income and deferred tax	(553)	(715)	-22.7
(3,148)	Local business tax	(2,066)	(2,655)	-22.2
64,640	**Profit for the period**	**40,395**	**57,667**	**-30.0**
	Profit attributable to:			
64,479	Owners of the parent	40,315	57,443	-29.8
161	Non-controlling interest	80	224	-64.3
	Statement of comprehensive income			
64,640	**Profit for the period**	**40,395**	**57,667**	**-30.0**
5,250	Exchange differences arising on translation of foreign operations	1,875	2,924	-35.9
2,882	Revaluation reserve for available for sale	(5,127)	(400)	n.a.
8,132	**Other comprehensive income**	**(3,252)**	**2,524**	**n.a.**
72,772	**Total comprehensive income**	**37,143**	**60,191**	**-38.3**
	Attributable to:			
72,254	Owners of the parent	37,444	59,683	-37.3
518	Non-controlling interest	(301)	508	n.a.
HUF	**Earnings per share (EPS)**	**HUF**	**HUF**	**%**
3,464	Basic	2,165	3,085	-29.8
3,460	Diluted	2,163	3,082	-29.8

* Note: Adjusted due to reclassification of local business tax.
Prepared in accordance with IAS 1 and IAS 34 Interim Financial Reporting.

Company name: Gedeon Richter Plc.
Company address: 1103 Budapest, Gyömrői út 19-21., Hungary
Sector: Pharmaceutical
Reporting period: January-September 2011

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Investor relations manager: Katalin Ördög

Income Statement

12 months to Dec		9 months to September		
2010 Unaudited EURm		2011 Unaudited EURm	2010* Unaudited Adjusted EURm	Change %
998.2	**Total revenues**	**805.8**	**782.0**	**3.0**
(388.4)	Cost of sales	(298.9)	(302.8)	-1.3
609.8	**Gross profit**	**506.9**	**479.2**	**5.8**
(215.9)	Sales and marketing expenses	(213.8)	(158.3)	35.1
(79.4)	Administration and general expenses	(51.5)	(51.6)	-0.2
(98.3)	Research and development expenses	(86.3)	(89.4)	-3.5
11.0	Other income and other expenses (net)	25.2	15.0	68,0
227.2	**Profit from operations**	**180.5**	**194.9**	**-7.4**
65.6	Finance income	57.3	66.6	-14.0
(47.2)	Finance cost	(70.5)	(42.1)	67.5
18.4	**Net financial income/(loss)**	**(13.2)**	**24.5**	**n.a.**
0.2	Share of profit of associates	(8.5)	1.9	n.a.
245.8	**Profit before income tax**	**158.8**	**221.3**	**-28.2**
-	Income and deferred tax	(2.1)	(2.6)	-19.2
(11.4)	Local business tax	(7.6)	(9.6)	-20.8
234.4	**Profit for the period**	**149.1**	**209.1**	**-28.7**
	Profit attributable to:			
233.8	Owners of the parent	148.8	208.3	-28.6
0.6	Non-controlling interest	0.3	0.8	-62.5
275.8	Average exchange rate (EUR / HUF)	270.9	275.8	-1.8

	Statement of comprehensive income			
234.4	**Profit for the period**	**149.1**	**209.1**	**-28.7**
19.0	Exchange differences arising on translation of foreign operations	6.9	10.6	-34.9
10.5	Revaluation reserve for available for sale investments	(18.9)	(1.5)	n.a.
29.5	**Other comprehensive income**	**(12.0)**	**9.1**	**n.a.**
263.9	**Total comprehensive income**	**137.1**	**218.2**	**-37.2**
	Attributable to:			
262.0	Owners of the parent	138.2	216.4	-36.1
1.9	Non-controlling interest	(1.1)	1.8	n.a.

EUR	**Earnings per share (EPS)**	**EUR**	**EUR**	**%**
12.56	Basic	7.99	11.19	-28.6
12.54	Diluted	7.98	11.18	-28.6

* Note: Adjusted due to reclassification of local business tax.
Prepared in accordance with IAS 1 and IAS 34 Interim Financial Reporting.

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Investor relations manager: Katalin Ördög

Income Statement

	July – September 3 months					
	2011 HUFm	**2010 HUFm**	**Change %**	**2011 EURm**	**2010 EURm**	**Change %**
Total revenues	**72,370**	**78,459**	**-7.8**	**263.6**	**277.5**	**-5.0**
Cost of sales	(25,548)	(27,022)	-5.5	(93.0)	(95.1)	-2.2
Gross profit	**46,822**	**51,437**	**-9.0**	**170.6**	**182.4**	**-6.5**
Sales and marketing expenses	(19,140)	(15,177)	26.1	(69.7)	(53.5)	30.3
Administration and general expenses	(3,497)	(5,011)	-30.2	(12.7)	(17.7)	-28.2
Research and development expenses	(6,947)	(7,548)	-8.0	(25.2)	(26.5)	-4.9
Other income and other expenses (net)	8,276	342	n.a.	30.6	0.9	n.a.
Profit from operations	**25,514**	**24,043**	**6.1**	**93.6**	**85.6**	**9.3**
Finance income	6,533	233	n.a.	23.9	0.0	n.a.
Finance cost	(8,466)	(3,374)	150.9	(31.0)	(11.9)	160.5
Net financial income/(loss)	**(1,933)**	**(3,141)**	**-38.5.**	**(7.1)**	**(11.9)**	**-40.3**
Income from associates	(2,342)	55	n.a.	(8.6)	0.2	n.a.
Profit before income tax	**21,239**	**20,957**	**1.3**	**77.9**	**73.9**	**5.4**
Income and deferred tax	(147)	(356)	-58.7	(0.6)	(1.3)	-53.8
Local business tax	(494)	(1,144)	-56.8	(1.8)	(4.0)	-55.0
Profit for the period	**20,598**	**19,457**	**5.9**	**75.5**	**68.6**	**10.1**
Profit attributable to:						
Owners of the parent	20,640	19,407	6.4	75.7	68.5	10.5
Non-controlling interest	(42)	50	n.a.	(0.2)	0.1	n.a.
Average exchange rate (EUR / HUF)				272.8	283.6	-3.8

Earnings per share (EPS)	**HUF**	**HUF**	**%**	**EUR**	**EUR**	**%**
Basic	1,108	1,042	6.3	4.06	3.68	10.3
Diluted	1,107	1,041	6.4	4.06	3.68	10.5

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

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Cash flow Statement

12 months 31 Dec. 2010 Audited HUFm		9 months 30 September 2011 Unaudited HUFm	9 months 30 September 2010 Unaudited Adjusted HUFm
	Cash flows from operating activities		
64,479	Net income attributable to equity owners of parent	40,315	57,443
21,135	Depreciation and amortisation	18,231	14,840
(4,063)	Non cash items accounted through Comprehensive and Consolidated Income Statement	5,761	-
(4,067)	Net interest and dividend income	(1,314)	(3,280)
3,136	Income tax recognised through profit or loss	2,619	3,370
184	Changes in provision for defined benefit plans	-	-
(237)	(Gain)/Loss on disposal of property, plant and equipment and intangible assets	217	(799)
35	Impairment loss recognised on intangible assets	-	-
(6,813)	Increase in trade and other receivables	(10,133)	(22,820)
98	(Increase) / decrease in inventories	(9,607)	1,371
5,370	(Decrease) / increase in payables and other long and short term liabilities	(6,573)	10,248
(169)	Interest paid	(2,531)	(84)
(4,414)	Proceeds from deferred and other tax assets and liabilities	(2,560)	(4,226)
74,674	**Net cash flow from operating activities**	**34,425**	**56,063**
	Cash flows from investing activities		
(19,366)	Payments for property, plant and equipment	(15,001)	(11,830)
(69,338)	Payments for intangible assets	(2,452)	(998)
1,352	Proceeds from disposal of property, plant and equipment	291	1,122
(3,861)	Payments to acquire financial assets	(22)	(10,566)
-	Proceeds on sale of financial assets	7,803	10
(1,116)	Proceeds from loans	(1,453)	(534)
4,225	Interest and similar income	3,789	3,355
11	Dividend income	56	9
(28,279)	Net cash outflow on acquisition of subsidiaries	4	(2)
(116,372)	**Net cash flow from investing activities**	**(6,985)**	**(19,434)**
	Cash flows from financing activities		
286	Proceeds from disposal of treasury shares	(282)	(171)
(14,308)	Dividends paid	(15,994)	(14,293)
35,626	(Repayment)/proceeds from borrowings	(1,435)	(5,729)
21,604	**Net cash flow from financing activities**	**(17,711)**	**(20,193)**
(20,094)	**Net (decrease)/increase in cash and cash equivalents**	**9,729**	**16,436**
93,294	**Cash and cash equivalents at beginning of year**	**75,600**	**93,294**
2,400	Effect of foreign exchange rate changes on the balances held in foreign currencies	3,943	1,762
75,600	**Cash and cash equivalents at end of period**	**89,272**	**111,492**

Prepared in accordance with IAS 34 Interim Financial Reporting.

Unconsolidated Report

9 months to September 2011

1. Sales

HUFm	2011	2010	Change	
	9 months to September			%
Hungary	**26,791**	**24,612**	**2,179**	**8.9**
EU (*)	**47,382**	**36,029**	**11,353**	**31.5**
Poland	9,937	8,973	964	10.7
Romania	3,405	3,269	136	4.2
EU 9	15,365	14,185	1,180	8.3
EU 15	18,675	9,602	9,073	94.5
CIS	**82,562**	**80,913**	**1,649**	**2.0**
Russia	62,177	58,081	4,096	7.1
Ukraine	9,297	9,524	-227	-2.4
Other CIS republics	11,088	13,308	-2,220	-16.7
USA	**13,784**	**21,143**	**-7,359**	**-34.8**
Rest of the World	**11,045**	**9,219**	**1,826**	**19.8**
Total	**181,564**	**171,916**	**9,648**	**5.6**

EURm	2011	2010	Change	
	9 months to September			%
Hungary	**98.9**	**89.2**	**9.7**	**10.9**
EU (*)	**174.9**	**130.6**	**44.3**	**33.9**
Poland	36.7	32.5	4.2	12.9
Romania	12.6	11.9	0.7	5.9
EU 9	56.7	51.4	5.3	10.3
EU 15	68.9	34.8	34.1	98.0
CIS	**304.8**	**293.4**	**11.4**	**3.9**
Russia	229.5	210.6	18.9	9.0
Ukraine	34.3	34.5	-0.2	-0.6
Other CIS republics	41.0	48.3	-7.3	-15.1
USA	**50.9**	**76.7**	**-25.8**	**-33.6**
Rest of the World	**40.7**	**33.4**	**7.3**	**21.9**
Total	**670.2**	**623.3**	**46.9**	**7.5**
Average exchange rate (EUR / HUF)	270.9	275.8	-4.9	-1.8

(*) Note: All Member States of the EU, except for Hungary.

Current and historical average EUR/HUF and US$/HUF exchange rates are shown in Appendix 3 on page 21.

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

2. Main financial indicators

	HUFm			EURm		
	2011	2010*	Change	2011	2010*	Change
	9 months to September		%	9 months to September		%
Total sales	181,564	171,916	5.6	670.2	623.3	7.5
Gross profit	124,966	117,150	6.7	461.3	424.7	8.6
Operating profit	54,070	50,918	6.2	199.6	184.6	8.1
Net financial income	782	8,982	-91.3	2.9	32.6	-91.1
Profit before taxation	54,852	59,900	-8.4	202.5	217.2	-6.8
Net profit	52,838	57,443	-8.0	195.1	208.3	-6.3

	2011	2010
	9 months to September	
	%	%
Gross margin	68.8	68.1
Operating margin	29.8	29.6
Net profit margin	29.1	33.4

* Note: Adjusted due to the reclassification of local business tax.

3. Net financial income

	HUFm			EURm		
	2011	2010	Change	2011	2010	Change
	9 months to September			9 months to September		
Unrealised financial items	**479**	**699**	**-220**	**1.8**	**2.6**	**-0.8**
Reassessment of currency related trade receivables and trade payables	2,052	(801)	2,853	7.6	(2.9)	10.5
Reassessment of currency loans	2,085	1,457	628	7.7	5.3	2.4
Reassessment of credit	(2,155)	-	-2,155	(8.0)	-	-8.0
Reassessment of other currency related items	1,316	(67)	1,383	4.8	(0.2)	5.0
Changes in the reassessment of liabilities related to PregLem	(2,755)	-	-2,755	(10.1)	-	-10.1
Reversal of assessment of forward exchange contracts as of 1 January	(64)	108	-172	(0.2)	0.4	-0.6
Unrealised forward exchange contracts	-	2	-2	-	0.0	-
Realised financial items	**303**	**8,283**	**-7,980**	**1.1**	**30.0**	**-28.9**
Result of realised forward exchange contracts	195	(1,669)	1,864	0.7	(6.1)	6.8
Exchange (losses) / gains realised on trade receivables and trade payables	(2,330)	4,414	-6,744	(8.6)	16.0	-24.6
Exchange (losses) / gains on conversion	(58)	608	-666	(0.2)	2.2	-2.4
Dividends	411	787	-376	1.5	2.9	-1.4
Interest income	2,917	3,845	-928	10.8	13.9	-3.1
Interest expense	(855)	-	-855	(3.2)	-	-3.2
Other	23	298	-275	0.1	1.1	-1.0
Net financial income	**782**	**8,982**	**-8,200**	**2.9**	**32.6**	**-29.7**

I, the undersigned declare, that Gedeon Richter Plc. takes full responsibility, that the interim management report published today, which contains the Group's nine months to September 2011 results is prepared in accordance with the applicable accounting standards and according to the best of our knowledge. The report above provides a true and fair view of the financial position of Gedeon Richter Plc., comprises the subsidiaries included in the consolidation, contains an explanation of material events and transactions that have taken place during the reported period and their impact on the financial position of Gedeon Richter Plc. and its subsidiaries included in the consolidation.

Budapest, 8 November 2011

Erik Bogsch
Managing Director

The financial statements in this report cover the activities of Gedeon Richter Group ('The Group' or 'Richter Group') and Gedeon Richter Plc. ('The Company' or 'Richter'). These interim condensed financial statements are prepared in accordance with IAS 1 and IAS 34 Interim Financial reporting. EUR and US$ amounts have been converted from HUF at average exchange rates for indicative purposes only. Financial statements for the twelve months period ended 31 December 2010 are audited, while the financial statements for the nine months period 30 September 2010 and 2011 are unaudited. The Company had adopted the same accounting policies during the preparation of this interim report as for the preparation of the most recent annual financial report.

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Balance Sheet

	30 September 2011 HUFm	31 December 2010 HUFm	Change %
ASSETS	**588,709**	**558,634**	**5.4**
Non-current assets	**378,219**	**371,268**	**1.9**
Property, plant and equipment	112,315	111,605	0.6
Other intangible assets	72,754	74,722	-2.6
Other financial assets	151,301	152,763	-1.0
Deferred tax assets	1,558	975	59.8
Loans receivable	40,291	31,203	29.1
Current assets	**210,490**	**187,366**	**12.3**
Inventories	38,140	36,424	4.7
Trade receivables	67,571	58,955	14.6
Other current assets	22,621	17,032	32.8
Investments in securities	12,461	20,090	-38.0
Cash and cash equivalents	69,697	54,865	27.0
EQUITY AND LIABILITIES	**588,709**	**558,634**	**5.4**
Capital and reserves	**472,930**	**441,527**	**7.1**
Share capital	18,638	18,638	0.0
Share premium	15,214	15,214	0.0
Capital reserves	3,475	3,475	0.0
Revaluation reserve for available for sale investments	(1,994)	3,133	n.a.
Treasury shares	(776)	(494)	57.1
Retained earnings	438,373	401,561	9.2
Non-current liabilities	**55,142**	**76,850**	**-28.2**
Borrowings	43,818	41,663	5.2
Other non-current liabilities	11,324	35,187	-67.8
Current liabilities	**60,637**	**40,257**	**50.6**
Borrowings	-	-	-
Trade payables	15,158	16,234	-6.6
Other payables	44,422	22,966	93.4
Provisions	1,057	1,057	0.0

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Income Statement

12 months to December 2010 HUFm		9 months to September 2011 HUFm	2010 Restated* HUFm	Change %
218,263	**Total revenues**	**181,564**	**171,916**	**5.6**
(70,183)	Cost of sales	(56,598)	(54,766)	3.3
148,080	**Gross profit**	**124,966**	**117,150**	**6.7**
(50,082)	Sales and marketing expenses	(51,492)	(37,067)	38.9
(12,054)	Administration and general expenses	(7,893)	(9,091)	-13.2
(25,533)	Research and development expenses	(18,702)	(23,883)	-21.7
(645)	Other income and other expenses	7,191	3,809	88.8
59,766	**Profit from operations**	**54,070**	**50,918**	**6.2**
14,804	Finance income	14,185	15,411	-8.0
(12,380)	Finance cost	(13,403)	(6,429)	108.5
2,424	**Net financial income**	**782**	**8,982**	**-91.3**
62,190	**Profit before income tax**	**54,852**	**59,900**	**-8.4**
892	Income and deferred tax	17	162	-89.5
(3,102)	Local business tax	(2,031)	(2,619)	-22.5
59,980	**Profit for the period**	**52,838**	**57,443**	**-8.0**

	Statement of comprehensive income			
59,980	**Profit for the period**	**52,838**	**57,443**	**-8.0**
2,664	Revaluation reserve for available for sale investments	(5,127)	(403)	n.a.
62,644	**Comprehensive income**	**47,711**	**57,040**	**-16.4**

HUF	**Earnings per share (EPS)**	**HUF**	**HUF**	**%**
3,222	Basic	2,838	3,085	-8.0
3,218	Diluted	2,835	3,082	-8.0

* Note: Adjusted due to reclassification of local business tax.
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Income statement

12 months to December 2010 EURm		9 months to September 2011 EURm	9 months to September 2010* Restated EURm	Change %
791.4	**Total revenues**	**670.2**	**623.3**	**7.5**
(254.5)	Cost of sales	(208.9)	(198.6)	5.2
536.9	**Gross profit**	**461.3**	**424.7**	**8.6**
(181.6)	Sales and marketing expenses	(190.1)	(134.4)	41.4
(43.7)	Administration and general expenses	(29.1)	(33.0)	-11.8
(92.6)	Research and development expenses	(69.0)	(86.5)	-20.2
(2.3)	Other income and other expenses	26.5	13.8	92.0
216.7	**Profit from operations**	**199.6**	**184.6**	**8.1**
53.7	Finance income	52.4	55.9	-6.3
(44.9)	Finance cost	(49.5)	(23.3)	112.4
8.8	**Net financial income**	**2.9**	**32.6**	**-91.1**
225.5	**Profit before income tax**	**202.5**	**217.2**	**-6.8**
3.2	Income and deferred tax	0.1	0.6	-83.3
(11.2)	Local business tax	(7.5)	(9.5)	-21.1
217.5	**Profit for the period**	**195.1**	**208.3**	**-6.3**
275.8	Average exchange rate (EUR / HUF)	270.9	275.8	-1.8

	Statement of comprehensive income			
217.5	**Profit for the period**	**195.1**	**208.3**	**-6.3**
9.6	Revaluation reserve for available for sale investments	(18.9)	(1.5)	n.a.
227.1	**Comprehensive income**	**176.2**	**206.8**	**-14.8**

EUR	**Earnings per share (EPS)**	**EUR**	**EUR**	**%**
11.7	Basic	10.48	11.19	-6.3
11.7	Diluted	10.47	11.18	-6.3

* Note: Adjusted due to reclassification of local business tax.
Prepared in accordance with IAS 1 and IAS 34 Interim Financial Reporting.