

(Translation from Estonian original)

Independent Auditor's Report on Takeover Report

According to the procedures agreed with JSC Grindeks (hereinafter the "Majority Shareholder") and with reference to the Commercial Code we have reviewed the takeover report dated on 28.09.2006 (hereinafter the "Takeover Report") prepared by the Majority Shareholder, which explains and substantiates the conditions applicable to the takeover of the minority shareholders' shares of Tallinna Farmaatsiatehase AS (hereinafter the "Company") and the basis for determining the amount of compensation payable for the shares. The valuation of the shares and compilation of the Takeover Report is the responsibility of the Majority Shareholder. Our responsibility is to review the Takeover Report and state whether the amount of compensation determined by the Majority Shareholder meets the provisions of 363² of the Commercial Code.

The procedures conducted by us included reviewing the Takeover Report and the documents provided to us by the Majority Shareholder.

According to the Takeover Report the monetary compensation for taking over the shares is 80 Estonian kroons (EEK) per each share, which is based on the fair value of the net assets of the Company according to the valuation prepared by Rimess MRI and which is primarily based on the value of real estate owned by the Company. The fair value of the net assets has been decreased by estimated costs related to relocation of the operations and considering the low marketability of the Company's shares.

Additionally, the Majority Shareholder has in the Takeover Report compared the compensation with share value of the Company derived from applying other valuation methods:

- Book value: 41.54 EEK, calculated dividing shareholders' equity by the total number of shares issued as of 30.06.2006;
- Historical market value: average closing price of the Company's share quoted on Tallinn Stock Exchange was 47.00 EEK during the last 10 trading days, 41.70 EEK during the last 6 months and 49.50 EEK during the last 12 months, taking 19.09.2006 as the end of the calculation period;
- Discounted cash flow method: 8.40 EEK, assuming that annual investment into fixed assets is between 2.3-2.7 million EEK and discount rate is 12%.

The compensation is above the highest price the Majority Shareholder has paid for the shares of the Company in purchases in the market over the 12 month period preceding 28.09.2006.

When comparing the compensations calculated based on the different pricing methods with the compensation offer made by the Majority Shareholder, the compensation is the highest value described.

Relatively short timeframe set out in the Commercial Code for performing our procedures was one of the difficulties relating to determination of the amount of compensation. In addition, the fair value of net assets has been decreased by estimated costs related to relocation of the operations, which actual amount in the future is difficult to estimate.

In our opinion, the Majority Shareholder has used for the calculation of the share value the main generally accepted valuation methods and application of the highest offer price for determination of the amount of compensation is appropriate.

In our opinion, the amount of compensation determined by the Majority Shareholder meets, in all material respects, the provisions of 363² of the Commercial Code.

This report has been issued for presentation only to the general meeting of shareholders of the Company and to parties stipulated in the law related to the takeover of minority shareholders' shares by the Majority Shareholder. This report cannot be used for any other purposes and is valid only together with the Takeover Report.

AS Deloitte Audit Eesti
28.09.2006