



CEO Meets Investors

Company Presentation

May 14, 2008
Vilnius





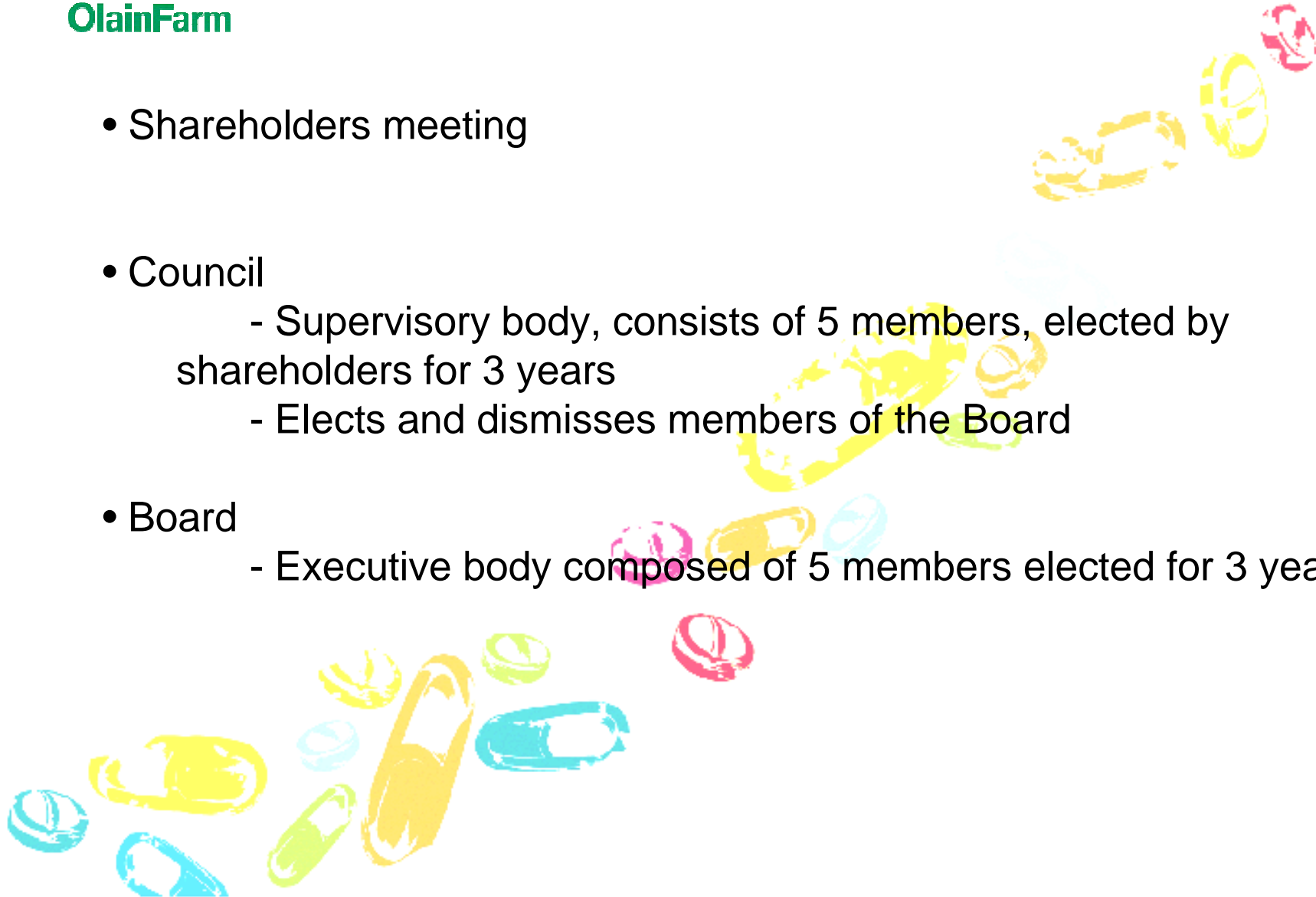
Olainfarm: at a glance

- Established in 1972, privatized in 1997;
- Listed on the 2nd list in 1997, in Main list since 2006;
- Produces both FDFs and full cycle APIs;
- Annual sales have more than doubled over the past 4 years;
- Strong and seasoned management team;
- Experienced workforce;
- Producing primarily branded and historically unique “generics”;
- ISO 14001 (2001:2007), FDA (USA - APIs only, 2002) and GMP (EU 2004:2007)



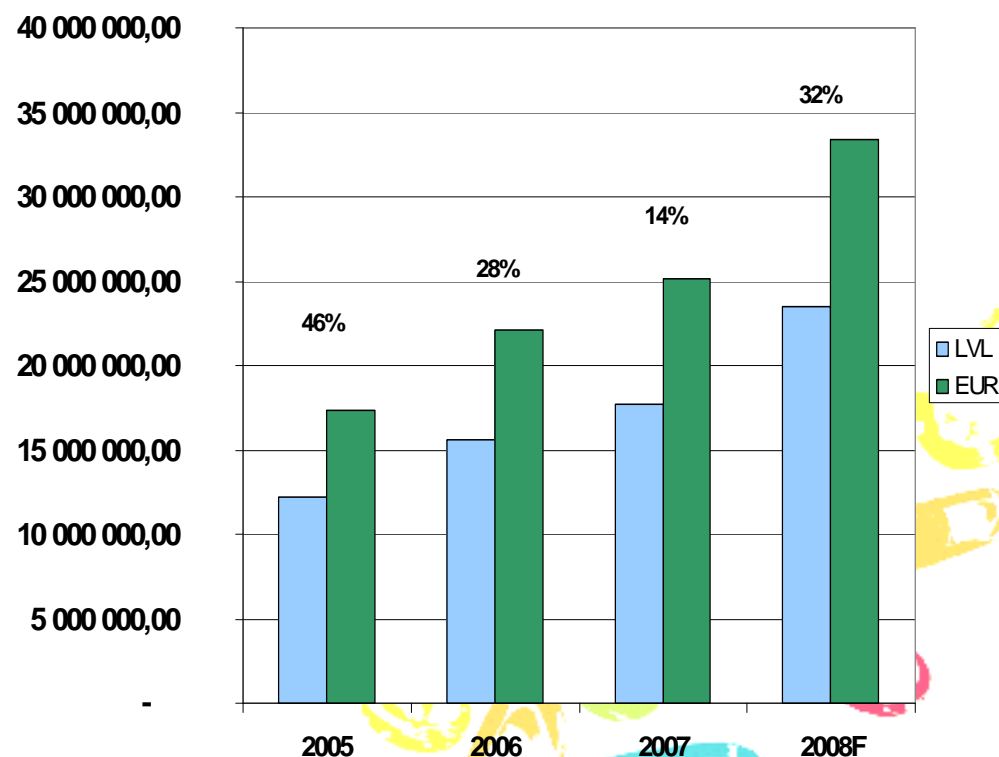
Governing Structure

- Shareholders meeting
- Council
 - Supervisory body, consists of 5 members, elected by shareholders for 3 years
 - Elects and dismisses members of the Board
- Board
 - Executive body composed of 5 members elected for 3 years





Sales Development



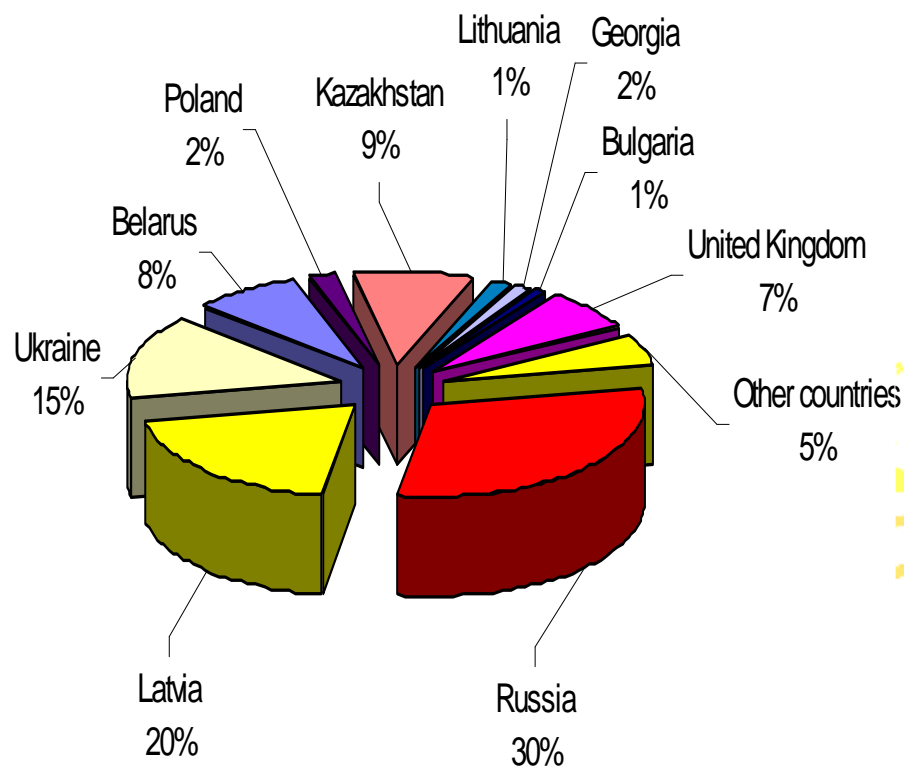
- Underperformance in 2007 due to:

- shipments moved to 2008;
- registration delays in Poland;
- insufficient marketing effort in some markets

- As new products approach, sales push-and-pull mechanisms to be strengthened in 2008



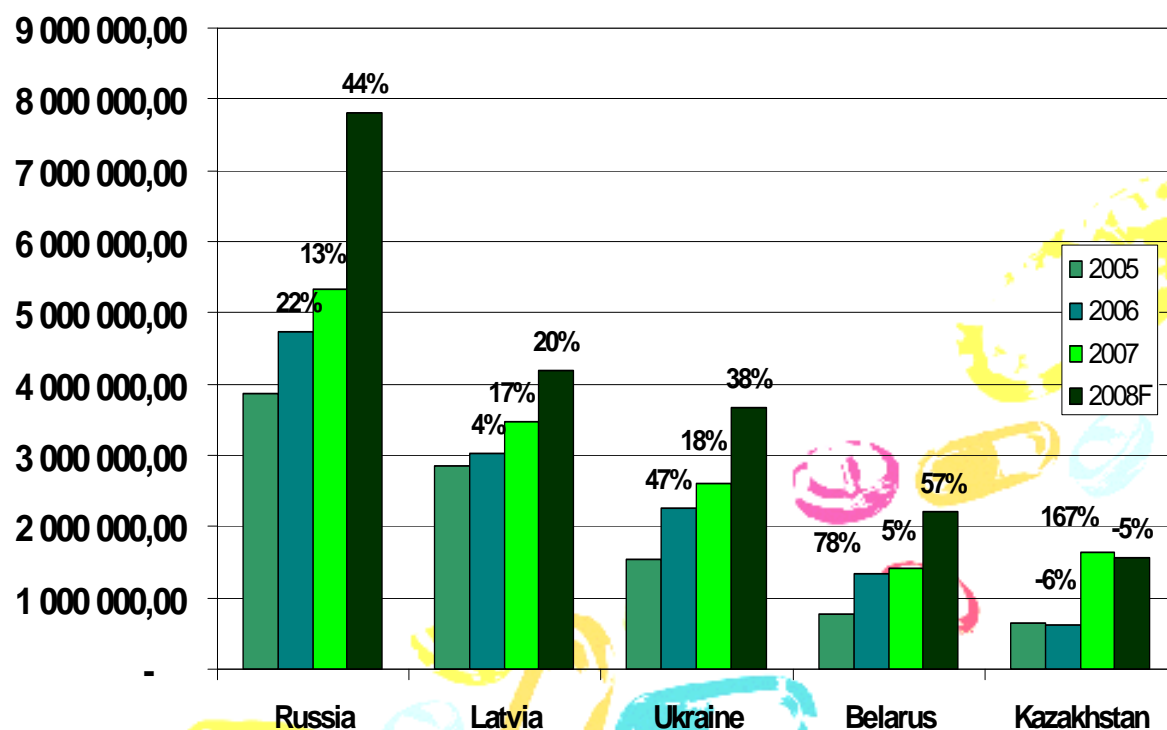
Main Markets



- Main focus on home market and the CIS;
- Diversification of markets;
- Over 400 medical representatives in key markets;
- Sales to 27 countries, subsidiary in Russia;
- Rep-offices in Russia, Ukraine, Kazakhstan, Lithuania, Belarus, Poland, Azerbaijan, contracted agents in USA and Sweden.

Main Markets (continued)

Sales Growth in Top Countries, LVL



- On average the sales grow faster than markets (about 15%) ↑

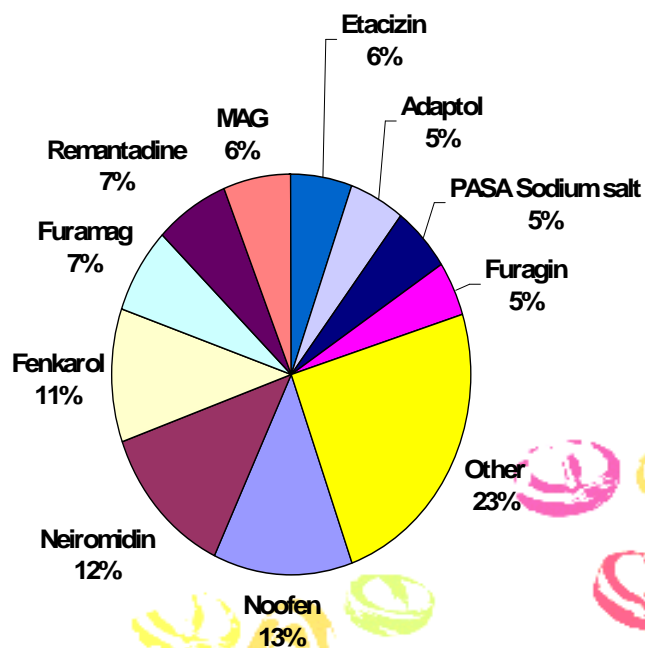
- Significantly stronger marketing effort in Russia, Ukraine and Belarus planned for 2008, preparing for new products

- Specific products influenced significant growth Kazakhstan in 2007



Main Products

Sales by Products in 2007 in % of Total Sales Value



- Good diversification of products in portfolio

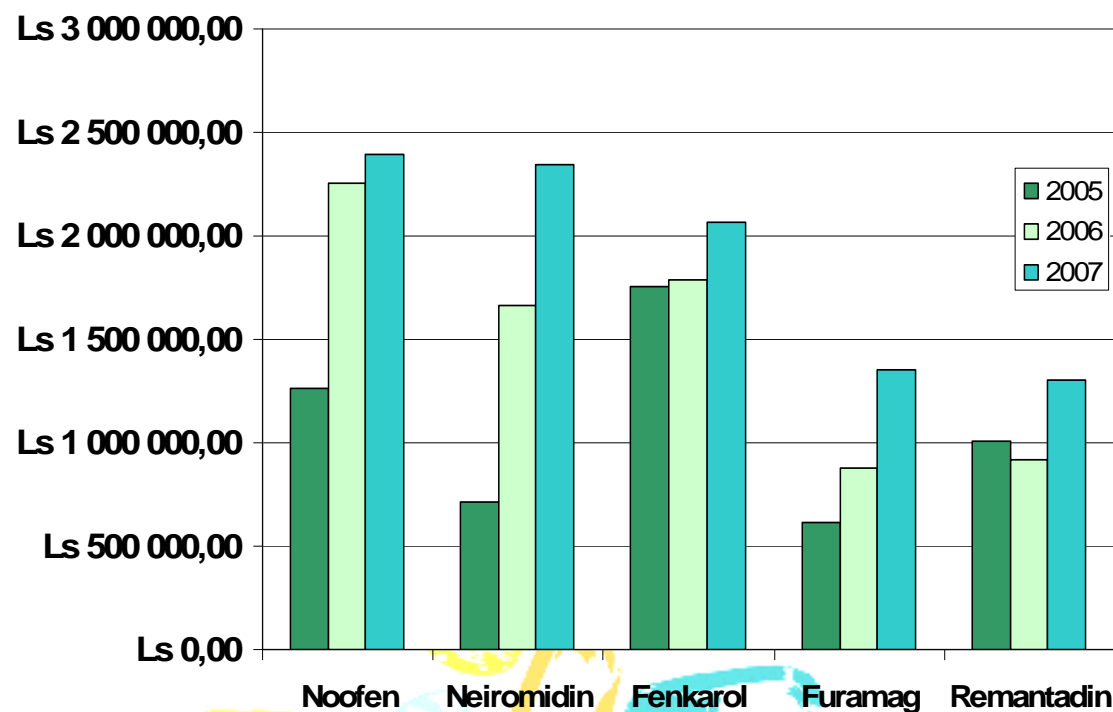
- Main emphasis on branded generics, historically unique to Olainfarm

- Optimization of product portfolio under way, three potential best-sellers to be added during nearest years



Key Products

Sales Development of Top 5 Products



- Noofen: Nootropic drug, OF owns cost efficient synthesis; doubling of sales possible.

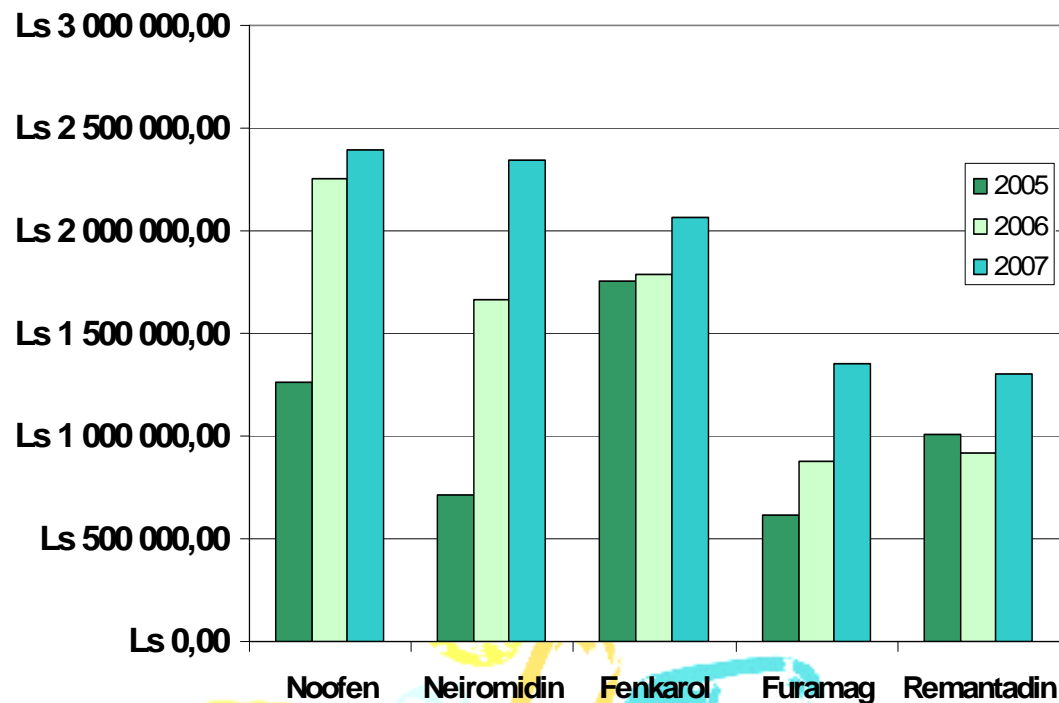
- Neiromidin: Cholinesterase Inhibitor, sales could be trippled, Balkans and South-East Asia in focus.

- Fenkarol: antihistamine with negligible side effects, unique to OF, continuous research conducted to strengthen sales.



Key Products –Cont'd

Sales Development of Top 5 Products



- Furamag: one of original nitrafurantoin derivatives, unique to OF in the region; applied to treat urinary infections, sales could be trippled.

- Remantadine: Antiviral, very seasonal, sales depend on outbreak of flu.

- New products expected to alter this list soon



New Products – Current Status

Vasonate® (Meldonium)

- Generic drug for treatment of cardio vascular diseases, original among TOP 15 best selling drugs in Russia and TOP 3 best seller in Ukraine
- Current status: Registration files are being finished, bioequivalence tests started in Ukraine
- Expected launch: late 2008/ early 2009

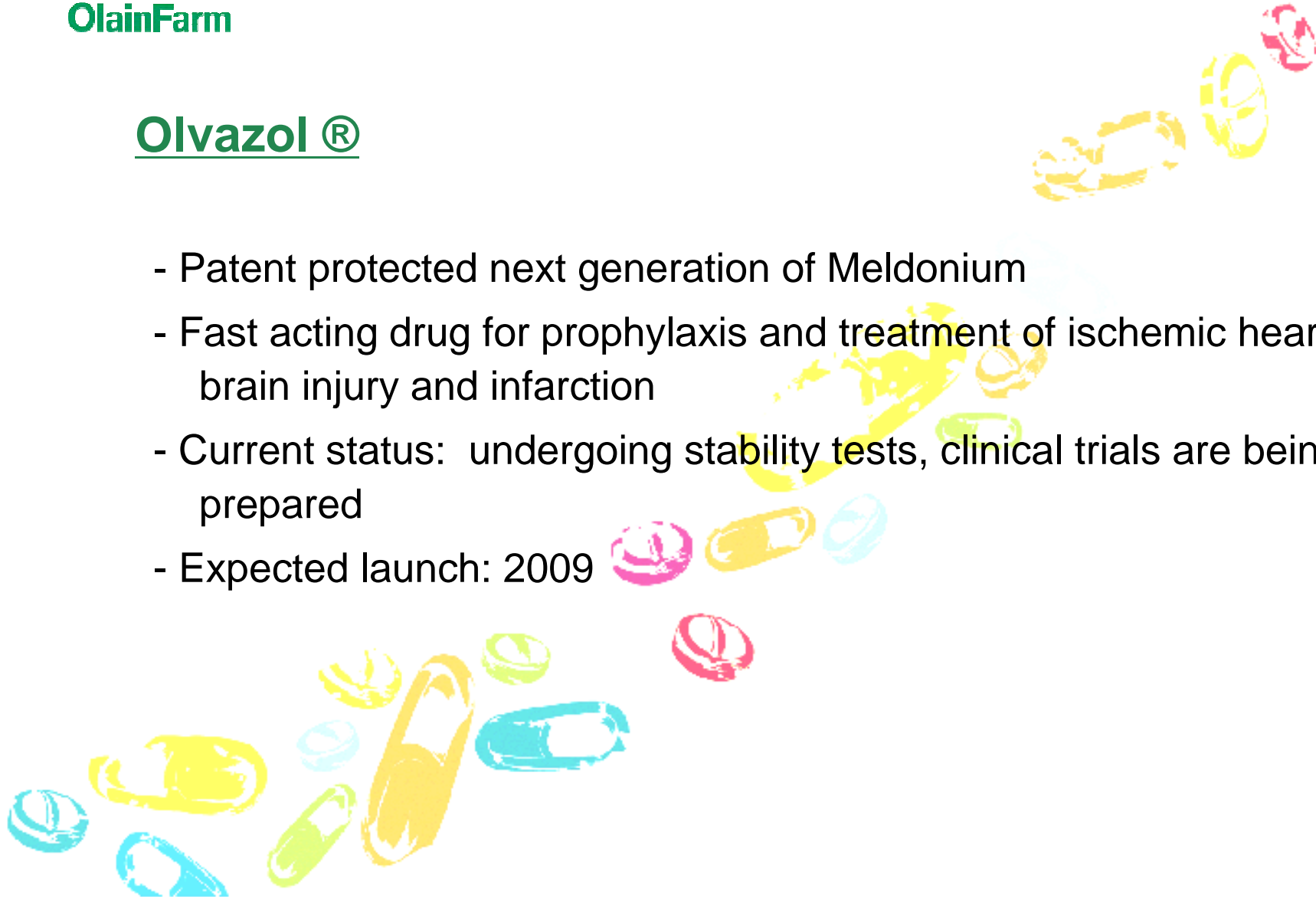




New Products – Current Status

Olvazol ®

- Patent protected next generation of Meldonium
- Fast acting drug for prophylaxis and treatment of ischemic heart and brain injury and infarction
- Current status: undergoing stability tests, clinical trials are being prepared
- Expected launch: 2009





OlainFarm

New Products – Current Status

R-Fenibut

- Pure enantiomeric form of known drug, at least 2x more effective than a parent drug, thus requires ½ of dosage or less;
- Fewer side effects;
- Current status: scale-up and fine-tuning of technology
- Expected launch: 2009/2010

R-Fenotropil

- New patented molecule, at least 2x more effective as parent drug, thus requires ½ of dosage or less and has fewer side effects;
- Current status: scale-up and fine-tuning of technology
- Expected launch: 2009/2010



New Products – Current Status

Memantine

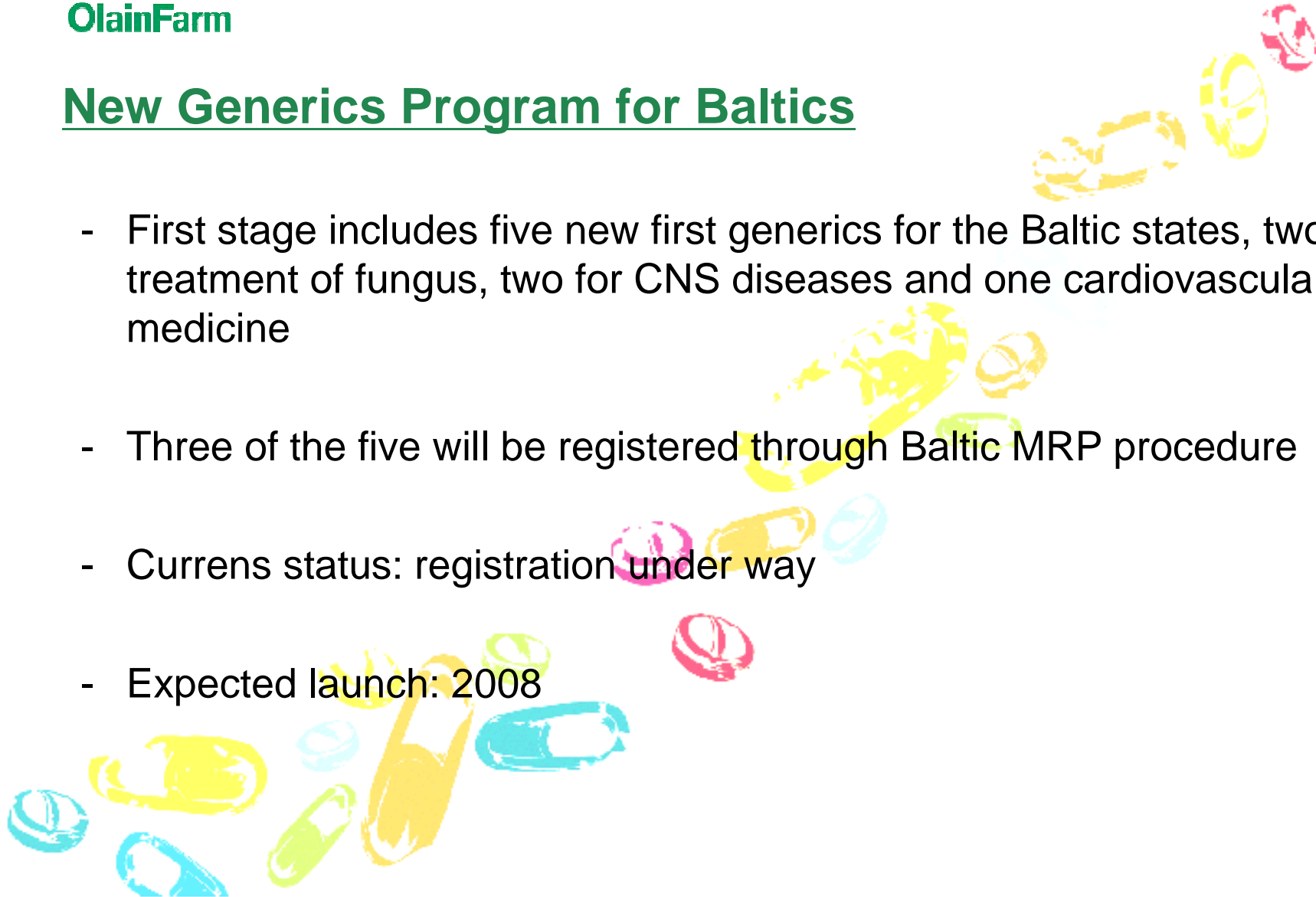
- Widely used for treatment of Alzheimer's disease, running out of patent protection
- Olainfarm developed technology for worldwide sales
- Exclusive co-operation with a multinational company, Olainfarm will sell Memantine in CEE, CIS and Middle East
- Current status: Bioequivalence studies completed registration under way
- Expected launch: 2009 (limited markets) ↑



New Products – Current Status

New Generics Program for Baltics

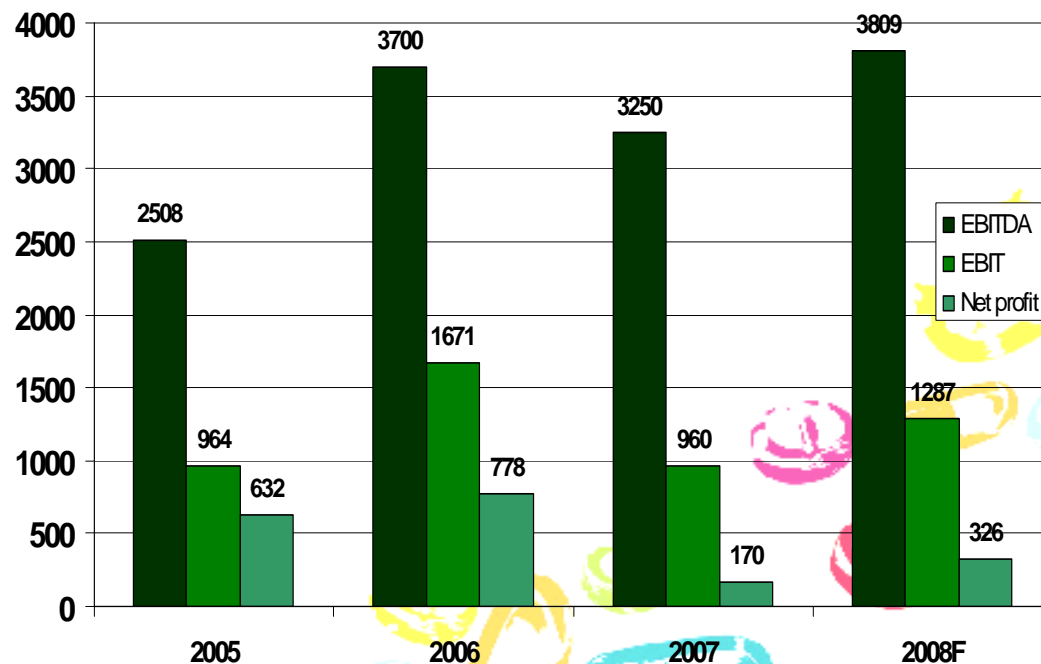
- First stage includes five new first generics for the Baltic states, two for treatment of fungus, two for CNS diseases and one cardiovascular medicine
- Three of the five will be registered through Baltic MRP procedure
- Current status: registration under way
- Expected launch: 2008





Historic figures & plans for 2008

EBITDA, EBIT and Net Profit, LVL'000



- Growth of all indicators reversed in 2007 due to underperformance in sales;

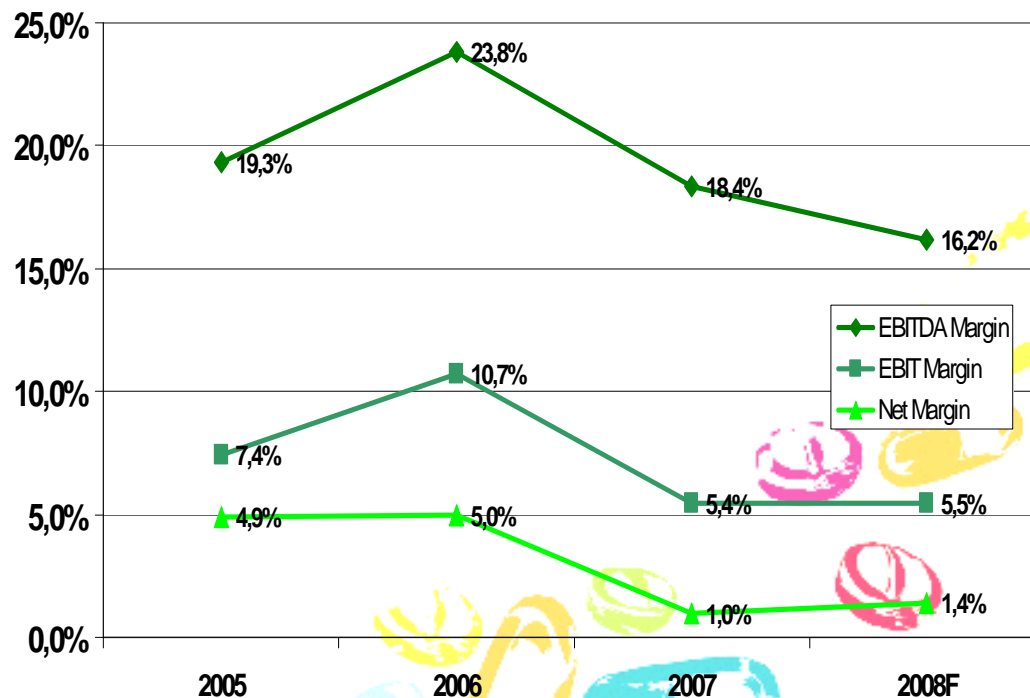
- General fiveyear plan remains unchanged, except for more aggressive investments in marketing

- Extra pressure on labor and energy costs outweighed by generally better margins



Historic and Expected Margins

Margins



- Proximity to Break-even makes changes in sales leave a disproportionate impact on all margins;

- Additional marketing costs further increase the Break-even, but is a conscious decision for future launches



Share performance in 2007



-- Olainfarm

-- OMX Riga



Thank you and Welcome!

-More information is always available at:

- www.olainfarm.lv
- www.baltic.omxgroup.com
- slapinsh@olainfarm.lv
- +371 2 644 8873

or

- through conference calls

or

- Investors' days at Olainfarm in September



IPO of June 2007

- 876 023 shares subscribed; 2 584 267.85 LVL raised
- Post issue number of shares: 14 085 078
- Raised amounts allowed to proceed with smaller items of CAPEX program, including warehousing and some production units
- Ampouling facility project postponed, not abandoned



Considerations for Further Activities

- Partial issue allowed to attract some leverage;
- Considerable CAPEX needs remain for 2008 and further years, especially as new products get launched into market;
- Limited possibilities for further significant leverage;
- Board and the Council to elaborate proposals by the end of this year.