

# ***TALLINNA FARMAATSIATEHASE AS***

*Annual report for  
the period 01 January - 31 March 2000*

<b>Balance sheets</b>			
In kroons	Notes	31.03.2000	31.12.1999
<b>A S S E T S</b>			
<b>CURRENT ASSETS</b>			
<b>Cash and bank accounts</b>	1	<b>368 256</b>	<b>1 782 453</b>
<b>Customer receivables</b>			
ACCOUNTS RECEIVABLE		2 987 557	3 443 052
ALLOWANCE FOR DOUBTFUL RECEIVABLES	2	(268 245)	-
<b>Total</b>		<b>2 719 312</b>	<b>3 443 052</b>
<b>Other receivables</b>			
RECEIVABLES FROM PARENT COMPANY	19	26 378 517	22 601 230
OTHER SHORT-TERM RECEIVABLES		2 670 128	3 047 857
<b>Total</b>		<b>29 048 645</b>	<b>25 649 087</b>
<b>Accrued income</b>			
INTEREST		36 680	36 680
DIVIDENDS		-	-
<b>Total</b>		<b>36 680</b>	<b>36 680</b>
<b>Prepaid expenses</b>			
PREPAID TAXES		458 679	386 029
OTHER PREPAID EXPENSES		34 143	86 639
<b>Total</b>		<b>492 822</b>	<b>472 668</b>
<b>Inventories</b>	3		
RAW MATERIAL		12 555 772	12 380 073
WORK-IN-PROGRESS		1 409 385	879 183
FINISHED GOODS		12 565 029	12 415 396
PREPAYMENTS TO SUPPLIERS		1 522 675	1 265 723
<b>Total</b>		<b>28 052 861</b>	<b>26 940 375</b>
<b>TOTAL CURRENT ASSETS</b>		<b>60 718 576</b>	<b>58 324 315</b>
<b>NON-CURRENT ASSETS</b>			
<b>Long-term investments</b>			
OTHER LONG-TERM RECEIVABLES	6	480 257	480 257
<b>Total</b>		<b>480 257</b>	<b>480 257</b>
<b>Fixed assets</b>	4		
FIXED ASSETS IN NET BOOK VALUE		32 607 099	33 561 347
CONSTRUCTION IN PROGRESS		1 344 000	1 344 000
<b>Total</b>		<b>33 951 099</b>	<b>34 905 347</b>
<b>Intangible assets</b>			
LICENCES, PATENTS	5	2 953 202	3 218 194
<b>Total</b>		<b>2 953 202</b>	<b>3 218 194</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>37 384 558</b>	<b>38 603 798</b>
<b>TOTAL ASSETS</b>		<b>98 103 134</b>	<b>96 928 113</b>

The notes 1-21 are integral parts of financial statements

**Balance sheets**

In kroons	Notes	31.03.2000	31.12.1999
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
<b>Short-term loans and notes</b>	7		
CURRENT PORTION OF LONG-TERM DEBT		5 777 308	7 703 078
SHORT-TERM BANK LOANS		-	417 912
<b>Total</b>		<b>5 777 308</b>	<b>8 120 990</b>
<b>Customers prepayments</b>		<b>77 488</b>	<b>44 513</b>
<b>Accounts payable</b>			
ACCOUNTS PAYABLE		13 636 301	13 130 146
<b>Total</b>		<b>13 636 301</b>	<b>13 130 146</b>
<b>Other payables</b>			
PAYABLES TO PARENT COMPANY	19	777 860	1 005 831
<b>Total</b>		<b>777 860</b>	<b>1 005 831</b>
<b>Taxes payable</b>	8	<b>1 700 475</b>	<b>1 574 862</b>
<b>Accrued expenses</b>			
PAYABLES TO EMPLOYEES		1 219 160	1 395 529
INTEREST PAYABLE		130 383	126 768
DIVIDENDS PAYABLE		446 814	446 814
OTHER ACCRUED EXPENSES		174 731	357
<b>Total</b>		<b>1 971 088</b>	<b>1 969 468</b>
<b>TOTAL CURRENT LIABILITIES</b>		<b>23 940 520</b>	<b>25 845 810</b>
<b>NON-CURRENT LIABILITIES</b>			
<b>Long-term debt obligations</b>			
BANK LOANS	9	30 812 315	30 812 315
<b>Total</b>		<b>30 812 315</b>	<b>30 812 315</b>
<b>Other long-term payables</b>			
PAYABLES TO PARENT COMPANY	19	28 232 433	28 232 433
<b>Total</b>		<b>28 232 433</b>	<b>28 232 433</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>59 044 748</b>	<b>59 044 748</b>
<b>TOTAL LIABILITIES</b>		<b>82 985 268</b>	<b>84 890 558</b>
<b>SHAREHOLDERS' EQUITY</b>			
SHARE CAPITAL	10	12 500 000	12 500 000
RESERVES	11		
Mandatory legal reserve		1 250 000	1 250 000
Other reserves		1066 210	1 066 210
<b>Total</b>		<b>2 316 210</b>	<b>2 316 210</b>
RETAINED EARNINGS (ACCUMULATED DEFICIT)		(2 778 655)	(8 560 442)
PROFIT (LOSS) FOR FINANCIAL YEAR		3 080 311	5 781 787
<b>SHAREHOLDERS' EQUITY TOTAL</b>		<b>15 117 866</b>	<b>12 037 555</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY TOTAL</b>		<b>98 103 134</b>	<b>96 928 113</b>

The notes 1-21 are integral parts of financial statements

**Statements of Profit & Loss**

In kroons	Notes	31.03.2000	31.03.1999
<b>REVENUE</b>			
NET SALES	12	26 804 139	16 718 815
CHANGE IN WORK-IN-PROGRESS AND FINISHED GOODS INVENTORIES		679 835	(2 140 853)
OTHER OPERATING INCOME	13	2 066 621	2 840 658
<b>TOTAL</b>		<b>29 550 595</b>	<b>17 418 620</b>
<b>EXPENSES</b>			
MATERIALS, CONSUMABLES AND SUPPLIES	14	(13 954 533)	(5 681 133)
OTHER OPERATING EXPENSES	15	(4 543 185)	(1 484 674)
PERSONNEL EXPENSES	16		
WAGES & SALARIES		(3 144 088)	(3 060 522)
SOCIAL TAXES		(1 080 586)	(1 022 749)
DEPRECIATION AND AMORTISATION	4,5	(1 353 399)	(1 596 091)
OTHER OPERATING EXPENSES	17	(709 226)	(1 274 953)
<b>TOTAL</b>		<b>(24 785 017)</b>	<b>(14 120 122)</b>
<b>OPERATING PROFIT (LOSS)</b>		<b>4 765 578</b>	<b>8 857 628</b>
<b>FINANCIAL INCOME</b>			
FINANCIAL INCOME RELATED TO ASSOCIATES		-	36 268
FOREIGN EXCHANGE GAIN		1 333	51 187
OTHER FINANCIAL AND INTEREST		9 636	12 000
<b>TOTAL</b>		<b>10 969</b>	<b>99 456</b>
<b>FINANCIAL EXPENSES</b>			
INTEREST EXPENSES		(1 668 074)	(1 405 101)
FOREIGN EXCHANGE LOSS		(26 710)	(22 765)
AMORTISATION OF GOODWILL		-	(567 500)
OTHER FINANCIAL EXPENSES		(1 452)	(34 195)
<b>TOTAL</b>		<b>(1 696 236)</b>	<b>(2 029 561)</b>
<b>PROFIT (LOSS) BEFORE TAXES</b>		<b>3 080 311</b>	<b>1 368 393</b>
<b>INCOME TAX</b>		<b>-</b>	<b>(344 782)</b>
<b>NET PROFIT (LOSS) FOR FINANCIAL YEAR</b>		<b>3 080 311</b>	<b>1 012 611</b>
EARNINGS (LOSS) PER SHARE	18	2.46	0.26

The notes 1-21 are integral parts of financial statements

**Statements of Shareholders' Equity**

Statements of Shareholders' Equity for the years ended 31 March 2000 and 1999 is following:

	<b>Share capital EEK</b>	<b>Reserves EEK</b>	<b>Retained earnings (accumulated deficit) EEK</b>	<b>Net profit (loss) for financial year EEK</b>	<b>Total shareholders' equity EEK</b>
<b>Restated December 31, 1998</b>	<b>37 700 340</b>	<b>4 836 244</b>	<b>56 538 226</b>	<b>(92 819 042)</b>	<b>6 255 768</b>
Decrease in share capital	(25 200 340)	-	25 200 340	-	-
Transfer of net loss to retained earnings	-	-	(92 819 042)	92 819 042	-
Decrease in reserves	-	(2 520 034)	2 520 034	-	-
Net profit for financial year	-	-	-	5 781 787	5 781 787
<b>December 31, 1999</b>	<b>12 500 000</b>	<b>2 316 210</b>	<b>(8 560 442)</b>	<b>5 781 787</b>	<b>12 037 555</b>
Transfer of net loss to retained earnings	-	-	5 781 787	(5 781 787)	-
Net profit for financial period	-	-	-	3 080 311	3 080 311
<b>March 31, 2000</b>	<b>12 500 000</b>	<b>2 316 210</b>	<b>(2 778 655)</b>	<b>3 080 311</b>	<b>15 117 866</b>

As of 31 March 2000 the share capital of Tallinna Farmaatsiatehase AS is twelve millions five hundred thousand EEK, which consists of 1 250 000 shares with nominal value 10 kroons per share.

The notes 1-21 are integral parts of financial statements

**Statements of Cash Flows**

In kroons	Notes	<b>01.03.00- 31.03.00</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT (LOSS) BEFORE TAXATION</b>		<b>3 080 311</b>
<b>Adjustments to reconcile net profit to net cash provided by (used in) operating activities:</b>		<b>4 349 716</b>
Interest expenses		1 668 074
Interest income		(9 636)
Foreign exchange (profit) loss		25 377
Depreciation	4	1 088 408
Expenses from increase of allowance for receivables	2	1 349 726
Loss (profit) on disposal of fixed assets		(37 224)
Amortisation	5	264 991
<b>CHANGES IN CURRENT ASSETS AND LIABILITIES:</b>		<b>(4 786 937)</b>
Accounts receivable		(894 231)
Other receivables		(3 399 558)
Prepaid expenses		(20 154)
Inventories		(1 112 486))
Customers prepayments		32 975
Accounts payable		506 155
Other payables		227 971
Accrued expenses		(1 996)
Taxes payable		(125 613)
<b>INCOME TAX PAID</b>		<b>-</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		<b>2 643 090</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
PROCEEDS FROM SALES OF FIXED ASSETS		50 000
ACQUISITION OF TANGIBLE ASSETS	4	(134 160)
INTEREST RECEIVED		9 636
<b>NET CASH PROVIDED BY (USED IN) FROM INVESTING ACTIVITIES</b>		<b>(74 524)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
LOANS REPAYMENTS		(2 343 681)
INTEREST PAID		(1 664 459)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		<b>(4 008 140)</b>
<b>NET DECREASE IN CASH</b>		<b>(1 439 574)</b>
<b>CHAGE IN CASH AND CASH EQUIVALENTS</b>		
AT BEGINING OF THE YEAR		1 782 453
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(25 377)
AT END OF THE YEAR		368 256

The notes 1-21 are integral parts of financial statements

**Note 1. Cash and bank accounts**

	31.03.2000	31.12.1999
Cash	53 039	15 928
Bank accounts (in EEK)	304 883	873 532
Bank accounts in foreign currency	3	882 662
Other	10 331	10 331
<b>Total</b>	<b>368 256</b>	<b>1782 453</b>

**Note2. Allowance for doubtful receivables**

	31.03.2000	31.12.1999
Allowance at January	-	6 548 151
Increase in allowance	1 349 726	4 380 618
Disposals	(1 081 481)	(10 928 769)
<b>Allowance at end of financial period</b>	<b>268 245</b>	<b>-</b>

Uncollectible receivables which were outstanding in 1998 and which had no payments during 2000, were written off from the allowance.

**Note 3. Inventories**

	31.03.2000	31.12.1999
<b>Raw material in stock</b>	<b>12 555 772</b>	<b>20 084 998</b>
<b>Work-in-progress</b>	<b>1 409 385</b>	<b>879 183</b>
Finished goods in plant	5 387 814	5 839 055
Finished goods in consignment stock	6 380 989	6 294 190
Finished goods in quality control	796 226	282 151
<b>Total finished goods</b>	<b>12 565 029</b>	<b>12 415 396</b>
<b>Prepayments to suppliers</b>	<b>1 522 675</b>	<b>1 265 723</b>
<b>Total inventories</b>	<b>28 052 861</b>	<b>26 940 375</b>

**Note 4. Fixed assets**

	31.03.2000	31.12.1999
At acquisition cost	59 391 812	59 257 652
Leased fixed assets at cost	-	-
<b>Total</b>	<b>59 391 812</b>	<b>59 257 652</b>
Accumulated depreciation	(26 784 713)	(25 696 305)
Depreciation of leased assets	-	-
<b>Total</b>	<b>26 784 713</b>	<b>(25 696 305)</b>
Assets under construction	1 344 000	1 344 000
<b>Total net book value</b>	<b>33 951 099</b>	<b>34 905 347</b>

<b>2000</b>	Buildings and facilities	Machinery, equipment	Computer equipment and other	Total
<b>Acquisition cost 01.01.2000</b>	<b>23 569 866</b>	<b>32 040 531</b>	<b>3 647 255</b>	<b>59 257 652</b>
Additions	-	134 160	-	134 160
Disposals	-	-	-	-
Renovation	-	-	-	-
<b>Acquisition cost 31.03.2000</b>	<b>23 569 866</b>	<b>32 174 691</b>	<b>3 647 255</b>	<b>59 391 812</b>
<b>Accumulated depreciation 01.01.2000</b>	<b>(4 525 927)</b>	<b>(18 487 607)</b>	<b>(2 682 771)</b>	<b>(25 696 305)</b>
Depreciation for the period	(227 563)	(709 787)	(151 058)	(1088 408)
Disposals	-	-	-	-
<b>Accumulated depreciation 31.03.2000</b>	<b>(4 753 490)</b>	<b>(19 197 394)</b>	<b>(2 833 829)</b>	<b>(26 784 713)</b>
<b>Net book value 31.03.2000</b>	<b>18 816 376</b>	<b>12 977 297</b>	<b>813 426</b>	<b>32 607 099</b>



**Note 5. Intangible assets**

	31.03.2000	31.12.1999
<b>Acquisition cost at the beginning of year</b>	<b>5 482 873</b>	<b>5 263 594</b>
Addition	-	227 134
Disposal	-	(7 855)
<b>Acquisition cost at the end of financial period</b>	<b>5 482 873</b>	<b>5 482 873</b>
<b>Accumulated amortisation at the beginning of year</b>	<b>(2 264 680)</b>	<b>(1 241 129)</b>
Amortisation for the period	(264 991)	(1 031 405)
Disposals	-	7 854
Accumulated amortisation at the end of financial period	(2 529 671)	(2 264 680)
<b>Net book value at the end of period</b>	<b>2 953 202</b>	<b>3 218 193</b>

**Note 6. Other long-term receivables**

As at 31.12.1999 and 31.03.2000 long-term receivables consist of long-term portion of the loans to employees in amount of 480 257 EEK respectively. Short-term portion of the loans has been recorded as "Other short-term receivables". The interest rate on given loans is 8 %.

**Note 7. Short-term debt obligations**

	31.03.2000	31.12.1999
Current portion of long-term debt	5 777 308	7 703 078
Short-term bank loan	-	417 912
<b>Total</b>	<b>5 777 308</b>	<b>8 120 990</b>

The current portion of long-term debt includes payments due in 2000 of the loan of the Optiva Bank.

**Note 8. Taxes payable**

	31.03.2000	31.12.1999
Social tax	735 054	675 227
Income tax from fringe benefits	15 071	14 512
Personal income tax	420 609	237 358
Interests on taxes	529 741	647 765
<b>Total</b>	<b>1 700 475</b>	<b>1 574 862</b>

Tax liabilities have been paid according to the payment schedule approved by Tax Board. Tax Board has agreed the Company to repay interest liabilities with the final maturity date in June 2000.

**Note 9. Long-term debt obligations**

Balance 31.12.1999	Agreement number	Interest rate	Payments 1999	Balance 30.03.2000
<b>2 461 582 EUR</b>	52/97	8 % + EURIBOR	123 079 EUR	2 338 503 EUR
<b>38 515 393 EEK</b>			1 925 770 EEK	36 589 623 EEK

Maturity date is 20 December 2004. The short-term and long-term portion of the loan are 7 703 078 and 30 812 315, respectively.

<b>Balance 31.03.2000</b>	<b>36 589 623 EEK</b>	<b>2 338 503 EUR</b>
Interest rate- 8% + EURIBOR		
Payments in 2000	5 777 308 EEK	369 237 EUR
Payments in 2001	7 703 078 EEK	492 316 EUR
Payments in 2002	7 703 078 EEK	492 316 EUR
Payments in 2003	7 703 078 EEK	492 316 EUR
Payments in 2004	7 703 081 EEK	492 318 EUR

**Note 10. Share capital**

As at 31.03.2000 total share capital of Tallinna Farmaatsiatehase AS is 12 500 000 EEK in total, consisting of 1 250 000 shares with nominal value 10 kroons per share.

As of 31 March 2000 the shareholders of Tallinna Farmaatsiatehase AS were following:

Grindeks PLC	55,0 %
Floridian Trading	14,8 %
Optiva Bank	9,2 %
Clients of Skandinaviska Enskilda bank	3,2 %
Clients of Merita bank	4,2 %

**Note 11. Reserves**

According to Commercial Code the mandatory legal reserve is created within 10% of the share capital, which is allocated from net profit based on the decision of general meeting of shareholders. Mandatory legal reserve can not be used as the payment of dividends.

In 1999 the share capital and mandatory reserve was reduced by 25 200 340 and by 2 520 034 EEK respectively.

The activity continuation reserve was created by allocating 6,5% from net profit in 1995 in the amount of 1 066 209 EEK.

**Note 12. Net sales**

Tallinn Pharmaceutical Company in the only full-cycle producer of medicines in Estonia at the current moment. There was produced 43 different medicines in 3 main groups- creams, ampoules and pills (incl. capsules, the production was started in 1997) during 1999. The Company operates only in one segment- production and selling of medicines.

Breakdown of sales based on product groups:

	01.01.2000 - 31.03.2000	01.01.1999 - 31.03.1999
Creams	11 017 339	5 304 334
Ampoules	3 907 417	3 033 685
Pills	11 879 383	8 251 865
Other sales	-	128 931
<b>Total</b>	<b>26 804 139</b>	<b>16 718 815</b>

Breakdown of sales based on countries:

	01.01.2000 - 31.03.2000	01.01.1999 - 31.03.1999
Estonian Republic	24,0 %	30,0 %
Latvian Republic	76,0 %	70,0 %

From the 1999 all export of sales in Tallinna Farmaatsiatehase AS is done through parent company Grindeks PJSC.

### Note 13. Other operating income

	01.01.2000 - 31.03.2000	01.01.1999 - 31.03.1999
Foreign exchange gain	1 478 387	2 827 052
Profit on disposal of fixed assets	42 373	13 606
Commission sales	464 949	-
Other operating income	80 912	-
<b>Total</b>	<b>2 066 621</b>	<b>2 840 658</b>

### Note 14. Materials, consumables and supplies

	01.01.2000 - 31.03.2000	01.01.1999 - 31.03.1999
Energy	654 461	374 945
Raw materials	12 306 543	4 220 112
Fuel, spare parts	14 103	14 936
Goods	58 771	60 873
Registration of medicines	569 306	263 850
Consignment storage fees	-	324 279
Transportation of finished goods	114 000	129 879
Reserve of quarantee	171 069	165 899
Other	66 280	126 360
<b>Total</b>	<b>13 954 533</b>	<b>5 681 133</b>

**Note 15. Other operating expenses**

	01.01.2000 - 31.03.2000	01.01.1999 - 31.03.1999
Transport	91 744	72 600
Repairs	140 71	97 028
Office expenses	55 828	42 553
Marketing	633 321	85 252
Training and consultations	118 285	289 371
Services	354 602	334 846
Representation costs	28 034	62 685
Leasing, rent	949	2 922
Travelling expenses	30 478	64 446
Other fees	102 830	95 534
commission	1 416 295	53 963
Insurance	88 943	83 183
Other expenses	131 439	34 392
Bad debt expense	1 349 726	165 899
<b>Total</b>	<b>4 543 185</b>	<b>1 484 674</b>

**Note 16. Personnel expenses**

	Salary in kroons		Average number of employees	
	01.01.2000 - 31.03.2000	01.01.1999 - 31.03.1999	01.01.2000 - 31.03.2000	01.01.1999 - 31.03.1999
Workers	1 540 808	1 271 086	150	139
Administration	1 411 546	1 550 573	59	60
Board	105 000	90 000	1	1
Other personnel expenses	86 734	148 863	-	-
Social taxes	1 080 586	1 022 749	-	-
<b>Total</b>	<b>4 224 674</b>	<b>4 083 271</b>	<b>210</b>	<b>200</b>

The average number of employees was 210 in Tallinna Farmaatsiatehase AS during the I quarter 2000. The average salary in 2000 I quarter was 4 638 EEK.

**Note 17. Other expenses**

	01.01.2000 - 31.03.2000	01.01.1999- 31.03.1999
Foreign exchange loss	474 603	982 286
Expensed VAT	123 197	62 303
Author's fees	55 787	-
Fines, penalties	-	300
Member's fees	27 000	15 000
Tax interests	(18 501)	170 237
Other expenses	47 140	44 827
<b>Total</b>	<b>709 226</b>	<b>1 274 953</b>

**Note 18. Earnings (loss) per share**

	01.01.2000 - 31.03.2000	01.01.1999- 31.03.1999
<b>Earnings per share</b>		
Net profit (-loss)	3 080 311	1 012 611
Weighted average number of share	1 250 000	3 770 034
<b>Earnings (loss ) per share (EPS)</b>	<b>2.46</b>	<b>0.26</b>

**Note 19. Related party transactions**19.1. Purchase transactions (EEK)

Related party	Balance 31.12.1999	Services and goods purchased	Balance 31.03.2000
PJSC Grindeks	8 183	Services and goods purchased	2 011 378
		Paid	1 997 344
			Payable 22 217

Purchase transactions are based on agreed upon prices that materially do not differ from market prices. Payables are recorded as Payables to Parent Company.

19.2. Sale transactions (EEK)

Related party	Balance 31.12.1999	Services and goods sold	Balance 31.03.2000
PJSC Grindeks	22 601 230	Goods sold	20 244 511
		Services sold	464 949
		Paid	16 932 173
			26 378 517

19.3. Loan Transactions (EEK)

According to the agreement about transfer of right of claim made between Hansapank and PJSC Grindeks, all liabilities to Hansapank in Tallinna Farmaatsiatehase AS and Kirna Farmaatsiatehase AS have been taken over by Grindeks PJSC. Maturity date of the loan is December 2006.

<b>Balance 31.03.2000</b>	<b>28 988 076 EEK</b>	<b>3 623 509 DEM</b>
Interest rate - 8 %		
Payments in 2000	755 643 EEK	94 455 DEM
Payments in 2001	3 881 688 EEK	485 211 DEM
Payments in 2002	4 203 864 EEK	525 483 DEM
Payments in 2003	4 552 776 EEK	569 097 DEM
Payments in 2004	4 930 656 EEK	616 332 DEM
Payments in 2005 – 2006	10 663 449 EEK	1 332 931 DEM

Short-term part of payables to parent company consists of short-term portion of the loan and payable, in amount of 755 643 EEK and 22 217 EEK respectively. Long-term portion of the loan in amount of 28 232 433 EEK is recorded as long-term payable to the parent company.

**Note 20. Commitments and contingencies**

Related party	Nature of transaction	Maturity date	
Jüri Metsaorg	Guarantee agreement with Hansapank (dated 06.10.1997 )	year 2027	
	Loans taken		330 000
	Outstanding loan amount 31.03.2000		323 135

**Note 21. Risks related to the operating activities of the company****Credit risk**

Credit risk indicates the potential loss incurred from business partners in the republic of the Commonwealth of Independent States (CIS). As at 31 March 2000 accounts receivable from customers in CIS countries was 50 315 USD.

**Currency risk**

Export makes up 75 % of the sales of Tallinna Farmaatsiatehas AS. Export invoices are issued in USD. The Company is open to fluctuations of USD exchange rate and the resulting currency risk. The company does not use options and forward contract. Foreign currency positions of the Company as at 31 March 2000 were following:

	<b>Assets</b>	<b>Liabilities</b>
USD	1 763 146	167 042
DEM	8 438	3 846 574
FIM	449 622	1 749 410
LVL	-	112

**Interest risk**

Interest rate of long-term loans depends on fluctuation of EURIBOR.