

03. 11. 2004.

Riga Stock Exchange

**JSC Grindeks**  
**Balance sheet as at 30 September 2004**

ASSETS	Row code	As at 30.09.2004	As at 31.12.03
1	2	3	4
<b>1.LONG - TERM INVESTMENT</b>			
<b>I.Intangible fixed assets</b>			
1.Research and development costs	010	0	0
2.Concessions, licenses, trade marks and similar rights	020	631,263	743,468
3.Goodwill on acquisition of subsidiary	030	0	0
4.Prepayment for intangible fixed assets	040	0	0
<b>Total Intangible fixed assets</b>	<b>050</b>	<b>631,263</b>	<b>743,468</b>
<b>II.Tangible fixed assets</b>			
1. Land and building	060	2,774,612	2,437,938
2.Plant and machinery	070	1,602,652	1,385,271
3.Other fixtures and fittings, tools and equipment	080	270,778	157,579
4.Fixed assets development costs	090	142,955	142,955
5.Prepayment for fixed assets	095	198,566	382,230
<b>II.Total tangible fixed assets</b>	<b>100</b>	<b>4,989,563</b>	<b>4,505,973</b>
<b>III.Long - term financial investment</b>			
1.Participation in subsidiaries	110	1,860,643	1,552,714
2.Long - term loans to subsidiaries	120	0	0
3.Participation in associated companies capital	130		
4.Long - term loans to associated companies	140		
5.Other investment and securities	150		
6. Other long - term loans	160		
7. Repurchased own shares and parts	170		
8. Long - term loans to employees and management	180		
<b>III. Total Long - term financial investment</b>	<b>190</b>	<b>1,860,643</b>	<b>1,552,714</b>
<b>1. TOTAL LONG - TERM INVESTMENT</b>	<b>200</b>	<b>7,481,469</b>	<b>6,802,155</b>
<b>2.CURRENT ASSETS</b>			
<b>I.Inventories</b>			
1.Raw materials and consumables	210	1,076,919	982,337
2.Work in progress	220	522,136	694,051
3.Finished goods and goods for sale	230	2,236,730	1,346,005
4. In progress	240	0	0
5.Advance payment for goods	250	0	0
6. Work animals and productive animals	260	0	0
<b>I. Total inventories</b>	<b>270</b>	<b>3,835,785</b>	<b>3,022,393</b>
<b>II. Debtors</b>			
1.Trade debtors	280	4,498,310	3,314,468
2. Amounts receivable from related companies	290	0	0
3. Amounts receivable from associated companies	300		
4. Other debtors	310	1,388,321	470,712
5. Parts unpaid in company's capital	320		
6. Short - term loans to joint proprietors and management of the Company	330		
7.Prepayments	340	53,102	115,058
<b>II.Total debtors</b>	<b>350</b>	<b>5,939,733</b>	<b>3,900,238</b>
<b>III.Securities and capital participation</b>			

1.Participation in subsidiaries	360		
2.Repurchased own shares and parts	370	1,100	
3.Other securities and capital participation	380		
<b>III.Total securities and capital participation</b>	<b>390</b>	<b>1,100</b>	<b>0</b>
<b>IV.Cash on hand and at bank</b>	<b>400</b>	<b>298,212</b>	<b>101,553</b>
<b>2. TOTAL CURRENT ASSETS</b>	<b>410</b>	<b>10,074,830</b>	<b>7,024,184</b>
<b>Total assets</b>	<b>420</b>	<b>17,556,299</b>	<b>13,826,339</b>

LIABILITIES	Row code	As at 30.09.2004	As at 31.12.2003
1	2	3	4
<b>1. CAPITAL AND RESERVES</b>			
1.Share capital (equity capital)	430	7,735,000	7,735,000
2.Agio	440	5,176,400	5,176,400
3.Revaluation reserve	450	0	0
4.Reseves			
a) legal reserves	460	0	0
b) reserves for own shares and parts	470	0	0
c) statutory reserves	480	0	0
d) other reserves	490	464,905	464,905
4. Total reserves	500	464,905	464,905
5. Retained profit			
a)brought forward from previous years	510	-7,140,379	-8,484,645
b)for the current reporting year	520	1,987,295	1,344,266
<b>1. TOTAL CAPITAL AND RESERVES</b>	<b>530</b>	<b>8,223,221</b>	<b>6,235,926</b>
<b>2. PROVISIONS</b>			
1. Provisions for pensions and similar liabilities	540	0	0
2. Provisions for taxes	550	273,759	273,759
	551	40,057	
3. Other provisions	560	40,000	40,000
<b>2.TOTAL PROVISIONS</b>	<b>570</b>	<b>353,816</b>	<b>313,759</b>
<b>3. CREDITORS</b>			
<b>I. Long - term creditors</b>			
1. Loans against bonds	580	0	0
2. Loans conversion to shares	590	0	0
3. Loans from credit institutions	600	3,721,515	2,266,183
4.Other loans	601	124,012	0
5. Amounts payable to subsidiaries	610	0	0
6.Amounts payable to associated companies	620	0	0
7. Other creditors	630	0	0
<b>I. Total long - term creditors</b>	<b>640</b>	<b>3,845,527</b>	<b>2,266,183</b>
<b>II.Short - term creditors</b>			
1. Loans against bonds	650	0	0
2. Loans conversion to shares	660	0	0
3. Loans from credit institutions	670	1,569,677	1,853,436
4. Advances received from customers	680	10,216	21,255
5. Trade creditors	690	3,005,461	2,557,755
6. Bills of exchange	700	0	0
7. Amounts payable to subsidiaries	710	0	0
8.Amounts payable to associated companies	720	0	0
10. Taxes and social security payments	730	273,044	314,388

11. Other creditors	740	151,644	139,944
12. Accrued income	750	123,693	123,693
13. Dividends for the current reporting year	760	0	0
14. Undrawn dividends for previous years	770	0	0
<b>II. Total short - term creditors</b>	<b>780</b>	<b>5,133,735</b>	<b>5,010,471</b>
<b>3. TOTAL CREDITORS</b>	<b>790</b>	<b>8,979,262</b>	<b>7,276,654</b>
<b>Total liabilities</b>	<b>800</b>	<b>17,556,299</b>	<b>13,826,339</b>

**Profit and Loss account**  
**Year 2004 , January - September**

No	Items	Line No	30.09.2004	30.09.2003
1	2	3	4	5
1	Net sales	010	17,970,816	13,559,015
2	Cost of sales	020	-11,254,601	-9,017,350
<b>3</b>	<b>Gross profit</b>	<b>030</b>	<b>6,716,215</b>	<b>4,541,665</b>
4	Distribution expenses	040	-2,223,514	-1,503,000
5	Administration expenses	050	-2,021,085	-1,408,640
6	Other operating income	060	395,514	467,873
7	Other operating expenses	070	-369,649	-382,886
8	Income from participation in subsidiary capital	080	0	0
9	Income from bonds and loans of long term investment	090	0	0
10	Income from other interest and similar incomes	100	23	28,646
11	Long - term investments and short - terms bond write-off	110	0	0
12	Interest paid and similar expense	<b>120</b>	<b>-129,622</b>	<b>-136,348</b>
<b>13</b>	<b>Operating profit</b>	<b>130</b>	<b>2,367,882</b>	<b>1,607,310</b>
<b>14</b>	<b>Extraordinary income</b>	<b>140</b>	<b>0</b>	<b>0</b>
<b>15</b>	<b>Extraordinary expenses</b>	<b>150</b>	<b>0</b>	<b>0</b>
<b>16</b>	<b>Profit/Loss on ordinary activities</b>	<b>160</b>	<b>0</b>	<b>0</b>
17	Taxation	<b>180</b>	<b>-380,587</b>	<b>-330,574</b>
<b>18</b>	<b>Profit/Loss for the financial year</b>		<b>1,987,295</b>	<b>1,276,736</b>

**STATEMENTS OF CASH FLOWS**  
**2004 YEAR 30 SEPTEMBER**

<b>OPERATING ACTIVITIES</b>	<b>Ls</b>
Net profit	1,987,295
Adjustments to reconcile net profit to net cash provided by operating activities:	
Depreciation and amortization	547,587
Changes in reserves and provisions	40,057
Fluctuations in currency exchange rates	17,650
Interest expenses	114,938
Real estate and income tax	380,587
(Increase) / decrease in inventory	-813,392
(Increase) / decrease in receivables	-1,025,854
Increase / (decrease) in liabilities	286,101
Real estate and corporate income tax paid	-300,311
<b>Net cash provided by operating activities</b>	<b>1,234,658</b>
<b>INVESTING ACTIVITIES</b>	
Purchase of tangible and intangible fixed assets	-760,818
Sale of fixed assets	1,854
Acquisition of long term financial investments	-1,323,845
<b>Net cash used in investing activities</b>	<b>-2,082,809</b>
<b>FINANCING ACTIVITIES</b>	
Loans received from credit institutions	1,779,837
Loans repaid to credit institutions	-608,264
Interest paid	-126,763
<b>Net cash flow from financing activities</b>	<b>1,044,810</b>
<b>Net increase in cash</b>	<b>196,659</b>
<b>CASH AT THE BEGINNING OF THE PERIOD</b>	<b>101,553</b>
<b>CASH AT THE END OF THE PERIOD</b>	<b>298,212</b>

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