

JSC GRINDEKS BALANCE SHEETS

	2005	2004	2005	2004
	January-March LVL	January-March LVL	January-March EUR	January-March EUR
ASSETS				
Intangible assets				
Patents, licenses, trademarks and similar rights	467,330	608,586	664,951	865,940
Software	85,581	95,564	121,771	135,975
Total intangible assets	552,911	704,150	786,722	1,001,915
Tangible fixed assets				
Land, buildings and constructions	3,054,974	2,411,025	4,346,836	3,430,580
Equipment and machinery	1,671,811	1,440,060	2,378,773	2,049,021
Other fixed assets	371,674	177,573	528,844	252,664
Advance payments for fixed assets	177,277	414,072	252,243	589,171
Construction in progress	-	142,955	-	203,407
Total tangible fixed assets	5,275,736	4,585,685	7,506,696	6,524,843
Long-term financial investments				
Investments in subsidiaries	5,576,631	1,709,644	7,934,831	2,432,604
Total long-term financial investments	5,576,631	1,709,644	7,934,831	2,432,604
Total non-current assets	11,405,278	6,999,479	16,228,249	9,959,362
Current assets				
Inventory				
Raw materials	976,991	894,223	1,390,133	1,272,365
Work in progress	649,914	627,176	924,744	892,391
Finished goods and goods for sale	1,865,993	1,723,129	2,655,069	2,451,792
Total inventories	3,492,898	3,244,528	4,969,946	4,616,548
Debtors				
Trade receivables	5,986,110	3,631,368	8,517,467	5,166,971
Other debtors	581,881	713,448	827,942	1,015,145
Deferred expenses	109,952	102,126	156,448	145,312
Total debtors	6,677,943	4,446,942	9,501,857	6,327,428
Securities and capital participation				
Repurchased own shares and part	-	1,100	-	1,565
Total securities and capital participation	-	1,100	-	1,565
Cash	488,900	704,770	695,642	1,002,797
Total current assets	10,659,741	8,397,340	15,167,445	11,948,338
TOTAL ASSETS	22,065,019	15,396,819	31,395,694	21,907,700

LIABILITIES	2005	2004	2005	2004
	January- March	January- March	January- March	January- March
	LVL	LVL	EUR	EUR
SHAREHOLDERS' EQUITY				
Share capital	7,735,000	7,735,000	11,005,913	11,005,913
Share premium	5,176,400	5,176,400	7,365,354	7,365,354
Other reserves	464,905	464,905	661,500	661,500
Accumulated (losses) earnings:				
a) previous years' accumulated losses	(4,694,681)	(7,140,379)	(6,679,929)	(10,159,844)
b) current period profit	1,125,696	421,978	1,601,721	600,421
Total shareholders' equity	9,807,320	6,657,904	13,954,559	9,473,344
PROVISIONS				
Deferred tax liability	317,199	273,759	451,334	389,524
Provisions for doubtful debt	62,546	9,592	88,995	13,648
Provision for vacations	22,817	40,000	32,466	56,915
Total provisions	402,562	323,351	572,795	460,087
LIABILITIES				
Long-term liabilities				
Loans from credit institutions	2,695,072	2,266,183	3,834,742	3,224,488
Long-term portion of finance lease liabilities	63,174	-	89,888	-
Other non-current liabilities	502,000	-	714,282	-
Total long-term liabilities	3,260,246	2,266,183	4,638,912	3,224,488
Short-term liabilities				
Loans from credit institutions	2,150,792	2,661,182	3,060,301	3,786,521
Short-term portion of finance lease liabilities	57,436	7,670	81,724	10,913
Advances from customers	21,192	10,405	30,153	14,805
Trade accounts payable	3,940,157	2,687,933	5,606,338	3,824,584
Taxes and social security liabilities	406,622	487,467	578,572	693,603
Other current liabilities	1,695,507	-	2,412,489	
Other liabilities	323,185	171,031	459,851	243,356
Accrued income	-	123,693	-	175,999
Total short-term liabilities	8,594,891	6,149,381	12,229,428	8,749,781
Total liabilities	11,855,137	8,415,564	16,868,340	11,974,269
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	22,065,019	15,396,819	31,395,694	21,907,700

JSC GRINDEKS STATEMENTS OF PROFIT AND LOSS

	2005 January- March LVL	2004 January- March LVL	2005 January- March EUR	2004 January- March EUR
Net sales	7,357,409	5,752,667	10,468,650	8,185,308
Cost of goods sold	(3,809,874)	(3,933,177)	(5,420,962)	(5,596,407)
Gross profit	3,547,535	1,819,490	5,047,688	2,588,901
Selling expenses	(1,230,417)	(680,384)	(1,750,726)	(968,099)
Administrative expenses	(923,268)	(662,335)	(1,313,692)	(942,418)
Other operating income	71,798	138,404	102,159	196,932
Other operating expenses	(71,661)	(78,226)	(101,964)	(111,306)
Interest income and similar income	102	3	145	4
Interest expense and similar expense	(60,461)	(29,830)	(86,028)	(42,444)
Profit before taxation	1,333,628	507,122	1,897,582	721,570
Corporate income tax	(198,652)	(74,466)	(282,657)	(105,956)
Other taxes	(9,280)	(10,678)	(13,204)	(15,193)
NET PROFIT	1,125,696	421,978	1,601,721	600,421

JSC GRINDEKS STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium	Other reserves	Accumulated Losses(profit)	Total
	LVL	LVL	LVL	LVL	LVL
As at 31 December 2003	7,735,000	5,176,400	464,905	(7,140,379)	6,235,926
Profit for the period	-	-	-	421,978	421,978
As at 31 March 2004	7,735,000	5,176,400	464,905	(6,718,401)	6,657,904
Profit for the period	-	-	-	2,023,720	2,023,720
As at 31 December 2004	7,735,000	5,176,400	464,905	(4,694,681)	8,681,624
Profit for the period	-	-	-	1,125,696	1,125,696
As at 31 March 2005	7,735,000	5,176,400	464,905	(3,568,895)	9,807,320
	EUR	EUR	EUR	EUR	EUR
As at 31 December 2003	11,005,913	7,365,354	661,500	(10,159,844)	8,872,923
Profit for the period	-	-	-	600,421	600,421
As at 31 March 2004	11,005,913	7,365,354	661,500	(9,559,423)	9,473,344
Profit for the period	-	-	-	2,879,494	2,879,494
As at 31 December 2004	11,005,913	7,365,354	661,500	(6,679,929)	12,352,838
Profit for the period	-	-	-	1,601,721	1,601,721
As at 31 March 2005	11,005,913	7,365,354	661,500	(5,078,208)	13,954,559

JSC GRINDEKS STATEMENTS OF CASH FLOWS

	2005	2004	2005	2004
	January- March	January- March	January- March	January- March
	LVL	LVL	EUR	EUR
OPERATING ACTIVITIES				
Net profit before taxation	1,333,628	507,122	1,897,582	721,570
Adjustments to reconcile net profit to net cash provided by operating activities:				
Depreciation and amortization	207,181	175,461	294,792	249,659
Loss on disposal of fixed assets	1,229	-	1,749	-
Provisions for doubtful debt	62,547	9,592	88,996	13,648
Foreign currency revaluation difference	13,062	(30,250)	18,586	(43,042)
Interest expense	60,461	29,830	86,028	42,444
Interest income	(102)	-	(145)	-
Changes in operating assets and liabilities:				
(Increase) / decrease in inventory	173,789	(222,135)	247,279	(316,070)
(Increase) / decrease in receivables	(1,070,033)	(546,704)	(1,522,520)	(777,890)
Increase / (decrease) in liabilities	(140,841)	334,606	(200,399)	476,101
Real estate and corporate income tax paid	(80,810)	(27,240)	(114,982)	(38,759)
Net cash provided by operating activities	560,111	230,282	796,966	327,661
INVESTING ACTIVITIES				
Purchase of tangible and intangible fixed assets	(247,547)	(215,576)	(352,227)	(306,737)
Sale of fixed assets	-	1,854	-	2,638
Acquisition of long term financial investments	(35,490)	(156,929)	(50,498)	(223,290)
Net cash used in investing activities	(283,037)	(370,651)	(402,725)	(527,389)
FINANCING ACTIVITIES				
Interest paid	(42,386)	(24,440)	(60,310)	(34,775)
Interest income	102	-	145	-
Loans received from credit institutions	274,327	908,559	390,332	1,292,763
Loans repaid to credit institutions	(320,067)	(140,533)	(455,414)	(199,960)
Net cash provided by (used in) financing activities	(88,024)	743,586	(125,247)	1,058,028
Net (decrease) increase in cash	189,050	603,217	268,994	858,300
CASH AT THE BEGINNING OF THE Year	299,850	101,553	426,648	144,497
CASH AT THE END OF THE PERIOD	488,900	704,770	695,642	1,002,797

JSC "GRINDEKS" Finance director

Janis Romanovskis