

Joint Stock Company “Grindeks”

*Non-audited consolidated financial statements,
for the period ended 31 December 2006 and
31 December 2005
prepared in accordance with International
Financial Reporting Standards*

CONTENTS

ANCILLARY INFORMATION	3
BOARD OF DIRECTORS AND EXECUTIVE BOARD	4
MAJOR SHAREHOLDERS	5
MANAGEMENT'S REPORT	6-8
CONSOLIDATED FINANCIAL STATEMENTS:	
Consolidated balance sheets	9-10
Consolidated statements of profit and loss	11
Consolidated statements of changes in shareholders' equity	12
Consolidated statements of cash flows	13
NOTES	14-17

Joint Stock Company "Grindeks"

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JSC *Grindeks*
Consolidated interim financial statements of year
Ended on the 31 of December 2006

Statement of Board's Responsibilities

The Board of JSC *Grindeks* (hereinafter- the Company) is bearing the responsibility for preparing the consolidated interim financial statements of the Company and its subsidiaries (hereinafter- the Group). Interim financial statements of the Group have not been audited by independent auditors.

The consolidated interim financial statements are prepared in accordance with the accounting records and source documents, presenting fairly the financial position of the Group as at 31 December 2006 and the results of its operations and cash flows for the period ended on 31 December 2006.

The consolidated interim financial statements are prepared in accordance with the International Financial Reporting Standards, reposing on the principle of business activities continuation. Appropriate accounting policies have been applied on a consistent basis. Prudent and reasonable judgments and estimates have been made by the management in preparation of the consolidated interim financial statements.

The Board of JSC *Grindeks* is responsible for providing proper accounting records, preservation of Group's assets and the prevention and disclosure of fraud and other irregularities of the Group. The Board is also responsible for the compliance with the jurisdiction of the countries in which Group's companies are operating (Latvia, Russia and Estonia).

On behalf of the Executive Board:



Jānis Romanovskis
Chairman of the Board

April 13, 2007

ANCILLARY INFORMATION

Name	JSC GRINDEKS
Legal status	Joint Stock Company
Number, place and date of registration	000303493, Riga, Republic of Latvia, 11 October 1991
Business activities	Production, distribution and sale of active pharmaceutical ingredients, pharmaceutical, phyto-chemical and medical preparations.
Legal address	53 Krustpils Street Riga, LV – 1057 Latvia
Subsidiaries	<p>JSC Tallinn Pharmaceutical Plant Registration No. 10093221 Address: 33 Tondi Tallinn 11316 Estonia</p> <p>JSC Kalceks Registration No. 40003059981 Address: 53 Krustpils Street Riga, LV – 1057 Latvia</p> <p>Namu apsaimniekošanas projekti, Ltd. Registration No: 40003845832, Address: 53 Krustpils Street, Riga, LV – 1057 Latvia</p> <p>Grindeks RUS, Ltd. Registration No. 5067746545895, Address: Warshavskoje Shosse 74, corp. 3 Moscow, Russia</p>
Reporting period	31 December 2005 – 31 December 2006

BOARD OF DIRECTORS AND EXECUTIVE BOARD OF THE COMPANY

Executive Board

Since 8 December 2005 - 2 January 2007

<i><u>Name</u></i>	<i><u>Position</u></i>
Valdis Jākobsons	Chairman of the Executive Board, CEO
Vitalijs Skrivelis	Member of the Board
Janis Romanovskis	Member of the Board

Executive Board

Since 2 January 2007 until the signing of annual accounts

<i><u>Name</u></i>	<i><u>Position</u></i>
Jānis Romanovskis	Chairman of the Executive Board, CEO
Vitalijs Skrivelis	Member of the Executive Board
Lipmans Zeligmans	Member of the Executive Board

Board of Directors

Since 20 January 2006

<i><u>Name</u></i>	<i><u>Position</u></i>
Kirovs Lipmans	Chairman of the Board of Directors
Vitalijs Gavrilovs	Vice-Chairman of the Board of Directors
Uldis Osis	Member of the Board of Directors
Janis Naglis	Member of the Board of Directors
Ivars Kalviņš	Member of the Board of Directors

MAJOR SHAREHOLDERS

Shareholders of the company to the 20th of December, (Latvian Central Depository data)

	2006 Investments in percentage (%)	2005 Investments in percentage (%)
Kirovs Lipmans	28.73	27.38
Anna Lipmane	16.69	20.70
Vitālijs Gavrilovs	11.30	14.00
Jānis Naglis	-	3.70
VAS "Valsts sociālās apdrošināšanas fonds"	2.29	2.84
Other shareholders	40.99	31.38
Total	100.00	100.00

Shares belonging to the members of the Board of Directors and Executive Board of company - on the 20th of June, 2006 (Latvian Central Depository data)

Shareholders	Number of shares
Council:	
Kirovs Lipmans	2 754 031
Vitālijs Gavrilovs	1 082 900
Ivars Kalviņš	17 094
Board:	
Valdis Jākobsons	102 924
Jānis Romanovskis	2709
Vitālijs Skrīvelis	1450

MANAGEMENT'S REPORT

Grindeks 60 years of growth and stability

In year 2006 leading pharmaceuticals manufacturer in the Baltic States, JSC *Grindeks* turned 60 years, starting its history in 1946, when Vitamins and hormones plant was transferred under the authority of Latvia Academy of Science, with a purpose of gradually transforming it to an experimental plant.

Since January 2, 2006 the shares of JSC *Grindeks* are traded on the Official list of Riga Stock Exchange. The price of the share has been steady which a proof of confidence of *Grindeks* investors is.

Dynamics of *Grindeks* share price at the accounting period



(Riga Stock Exchange data)

In 2006 the share price of JSC *Grindeks* fluctuated from 5.65 lats per share to 7.35 lats per share. The total number of *Grindeks* shares traded on Riga Stock Exchange in 2006 made 2 498 thousands of shares, annual turnover amounting to 16.18 millions of lats. *Grindeks* market of shares capitalization made 69.01 millions of lats at the end of year 2006.

Previous year was significant for the expansion of activities and structure of the holding company. A new daughter company *Grindeks RUS* Ltd was founded. Its commercial activities are covering pharmaceutical and medicinal products wholesale and retail sale. Company would provide medicals registration process and marketing activities in Russia and will take upon other duties previously performed by the representative office of *Grindeks* in Russia.

The foundation of *Grindeks RUS* Ltd is natural taking into account that Russia is one of the biggest markets for *Grindeks* final dosage forms realization and in 2006 more than a half of final dosage forms production manufactured at *Grindeks* was exported to Russia.

In August, 2006 a new Limited liability company *Namu apsaimniekošanas projekti*, was founded, 100% share capital of which is belonging to *Grindeks*. The goal of the foundation of this company was strategic management of the real estates of the company. By creating these two daughter companies, the structure of the holding company at the accounting period comprised the parent company *Grindeks* and its daughter companies *Tallinn pharmaceutical plant (TPP)*, *JSC Kalceks*, *Ltd Grindeks RUS* and *Ltd Namu apsaimniekošanas projekti*. The TPP shareholders decision, taken during the shareholders meeting on November 2006, approved shares, belonging to TPP's minor shareholders, buy out proposal by *JSC Grindeks*. Shareholders meeting approved proposal of 3, 59 lats (or 5.11 euros, or 80 Estonian crowns). *Grindeks* acquired all the share capital of TPP during the accounting period.

According to the non-audited consolidated annual accounts of 2006, prepared complying with the international financial reporting standards, *JSC Grindeks* performed good financial results both in terms of growth and profit, resulting in 42, 23 millions of lats turnover, which is for 10 millions lats or 31% more than in year 2005. For its part net earnings in 2006, achieved 6.26 millions of lats, which is for 36% more than in previous accounting period. Company's earnings per share in 2006 were 0.65 lats in comparison to 0.53 lats in 2005.

During the accounting period the production of the company was sold in 36 countries worldwide, exporting its production worth of 39.8 millions of lats, which is 9.93 millions of lats more than in 2005. The main export markets remaining constant, sales of final dosage forms turnover achieved 38.97 millions of lats in 2006, making 35% increase in comparison to previous year. The most part of the final dosage forms turnover was performed in Russia and CIS countries, making 33.91 millions of lats, which is due to the growth of Russia pharmaceutical market growth by 38%. *Grindeks* market share has also grown in Russia, showing an increase from 0.47% in 2005 to 0.6% in year 2006.

The major turnover in terms of money brought originator product *Mildronate*, the sales volume of which has considerably grown. In comparison to the previous accounting period, *Mildronate* sales in 2006 has grown for 43% in terms of money, comprising 28.58 millions of lats. In year 2006, *Mildronate* sales made 73% from the total final dosage sales. Understanding the risk of one product dominating the product portfolio, the management of the company, by employing state-of-art technologies and its employee's high competence and the level of experience, has continued successfully initiated work at new products projects in 2006. As for example in August 2006, *Grindeks* acquired patent application "Nucleide reverse transcriptase inhibitors combination with *Mildronate* in anti-HIV/AIDS therapy", planning to develop medicals in HIV therapy.

In 2006, company *Grindeks* the same way as in previous years, continued its successfully initiated cooperation with contract manufacturers. Company ordered injection forms contract manufacture in Lithuania's pharmaceutical manufacturer *JSC Sanitas* and

Polish medicals producer JSC *Jelfa*. Company is planning the organization of manufacturing in Russia.

The company's active pharmaceutical ingredients export made 3.13 millions of lats in 2006. This year was significant for company's active pharmaceutical ingredients business in connection with various achievements. In September Mutual Recognition Procedure-MRP took place for *Grindeks* new active pharmaceutical substance – *Detomidine*. At the moment *Detomidine* is the first of *Grindeks* new active pharmaceutical ingredients, which has completed MRP procedure in 19 European countries. In the end of September, *Grindeks* pharmaceutical ingredients plant was audited by independent third-party audit from the European Chemistry Federation Active Pharmaceutical Ingredients Committee. Results of the audit provided a positive conclusion about the compliance of *Grindeks* manufacturing plant to all main EU provided guidelines (*ICH Q7A*) that regulate manufacturing of the Active pharmaceutical ingredients.

As a proof to a perpetual improvement of the quality management system, in the beginning of year 2006 JSC *Grindeks* received ISO 9001:2000 certificate, approving the compliance of the company's quality management system with the international ISO 9001:2000 standard. At the competition "Latvian environment award" the own initiative of JSC *Grindeks* management was awarded with the recognition in the category "Environmentally friendly management".

Likewise in year 2007 JSC *Grindeks* will continue to work at the increase of the total value of the holding, promoting a successful development of each of its daughter companies, by penetrating new promising markets and continuing its activities developing new originator products.

Chairman of the Executive Board of JSC *Grindeks*

Jānis Romanovskis

6 February, 2007

BALANCE SHEETS

	2006 LVL	2005 LVL	2006 EUR	2005 EUR
ASSETS				
Non-current assets				
Intangible assets				
Patents, licenses, trademarks and other rights	362,252	338,102	515,438	481,076
Goodwill	411,145	411,145	585,007	585,007
Advance payments for intangible assets	42,613	124,456	60,633	177,085
Total intangible assets	816,010	873,703	1,161,078	1,243,168
Tangible fixed assets				
Land, buildings and constructions	5,884,605	4,060,976	8,373,039	5,778,248
Equipment and machinery	4,154,559	2,934,312	5,911,405	4,175,150
Other fixed assets	665,692	473,017	947,194	673,043
Advance payments for fixed assets	1,107,907	1,220,563	1,576,410	1,736,705
Construction in progress	3,133,432	195,000	4,458,472	277,460
Total tangible fixed assets	14,946,195	8,883,868	21,266,520	12,640,606
Investment property	3,453,698	3,469,796	4,914,170	4,937,075
Long-term financial investments				
Loans	134,235	-	190,999	-
Other	70,317	-	100,052	-
Total long-term financial investments	204,552	-	291,051	-
Total non-current assets	19,420,455	13,227,367	27,632,819	18,820,849
Current assets				
Inventory				
Raw materials	1,461,807	1,316,604	2,079,964	1,873,359
Unfinished goods	2,254,342	837,839	3,207,640	1,192,137
Finished goods and goods for resale	3,316,953	2,165,693	4,719,599	3,081,504
Advance payments for goods	-	176	-	250
Total inventory	7,033,102	4,320,312	10,007,203	6,147,250
Debtors				
Trade receivables	14,026,148	7,314,230	19,957,411	10,407,212
Other debtors	1,086,355	912,734	1,545,742	1,298,702
Deferred expenses	169,847	90,159	241,671	128,285
Total debtors	15,282,350	8,317,123	21,744,824	11,834,199
Other investments	5,231,064	5,050,284	7,443,134	7,185,907
Cash	574,146	5,979,356	816,936	8,507,857
Total current assets	28,120,662	23,667,075	40,012,097	33,675,213
TOTAL ASSETS	47,541,117	36,894,442	67,644,916	52,496,062

	2006 LVL	2005 LVL	2006 EUR	2005 EUR
LIABILITIES				
SHAREHOLDERS' EQUITY				
Share capital	9,585,000	9,585,000	13,638,226	13,638,226
Share premium	15,687,750	15,687,750	22,321,657	22,321,657
Other reserves	464,905	464,905	661,500	661,500
Accumulated (losses) / earnings:				
a) prior year accumulated losses	(722,731)	(5,302,687)	(1,028,354)	(7,545,044)
b) current year profit	6,264,275	4,579,956	8,913,260	6,516,690
Total shareholders' equity	31,279,199	25,014,924	44,506,289	35,593,029
MINORITY INTEREST	42,850	196,290	60,970	279,296
LIABILITIES				
Long-term liabilities				
Loans from credit institutions	2,177,281	3,654,400	3,097,992	5,199,743
Long-term portion of finance lease liabilities	97,591	1,411	138,859	2,008
Deferred tax liability	1,022,297	769,650	1,454,598	1,095,113
Total long-term liabilities	3,297,169	4,425,461	4,691,449	6,296,864
Short-term liabilities				
Loans from credit institutions	6,871,822	1,795,551	9,777,722	2,554,839
Short-term portion of finance lease liabilities	1,411	85,832	2,008	122,128
Advances from customers	-	17,343	-	24,677
Trade accounts payable	4,841,767	3,205,561	6,889,214	4,561,102
Taxes and social security liabilities	202,410	472,954	288,003	672,953
Other current liabilities	502,000	1,347,507	714,282	1,917,330
Other liabilities	489,958	317,479	697,149	451,733
Accrued liabilities	12,531	15,540	17,830	22,111
Total short-term liabilities	12,921,899	7,257,767	18,386,208	10,326,873
Total liabilities	16,219,068	11,683,228	23,077,657	16,623,737
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	47,541,117	36,894,442	67,644,916	52,496,062

STATEMENTS OF PROFIT AND LOSS

	2006 LVL	2005 LVL	2006 EUR	2005 EUR
Net sales	42,228,228	32,221,202	60,085,355	45,846,640
Cost of goods sold	(19,323,760)	(16,143,072)	(27,495,233)	(22,969,522)
Gross profit	22,904,468	16,078,130	32,590,122	22,877,118
Selling expenses	(9,182,877)	(5,702,063)	(13,066,057)	(8,113,305)
Administrative expenses	(5,665,674)	(4,453,708)	(8,061,528)	(6,337,056)
Other operating income	201,764	196,587	287,084	279,718
Other operating expenses	(617,355)	(454,449)	(878,417)	(646,623)
Interest income and similar income	308,303	134,499	438,676	191,375
Interest expense and similar expense	(384,802)	(223,977)	(547,524)	(318,691)
Profit before taxation and minority interest	7,563,827	5,575,019	10,762,356	7,932,536
Corporate income tax	(1,227,445)	(944,853)	(1,746,496)	(1,344,405)
Real estate tax	(70,103)	(49,425)	(99,748)	(70,325)
Net profit before minority interest	6,266,279	4,580,741	8,916,112	6,517,806
Minority interest	(2,004)	(785)	(2,852)	(1,117)
NET PROFIT	6,264,275	4,579,956	8,913,260	6,516,689
Earnings per share attributable to the shareholders of the Group (LVL per share)				
- Basic earnings per share	0.65	0.53	0.93	0.75
- Diluted earnings per share	0.65	0.53	0.93	0.75

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium	Other reserves	Accumu- lated Profit (Losses)	Total
	LVL	LVL	LVL	LVL	LVL
As at 31 December 2005	9,585,000	15,687,750	464,905	(722,731)	25,014,924
Profit for the period	-	-	-	6,264,275	6,264,275
As at 31 December 2006	9,585,000	15,687,750	464,905	5,541,544	31,279,199

	Share capital	Share premium	Other reserves	Accumu- lated Profit (Losses)	Total
	EUR	EUR	EUR	EUR	EUR
As at 31 December 2005	13,638,226	22,321,657	661,500	(1,028,354)	35,593,029
Profit for the period	-	-	-	8,913,260	8,913,260
As at 31 December 2006	13,638,226	22,321,657	661,500	7,884,906	44,506,289

STATEMENTS OF CASH FLOWS

	2006 LVL	2005 LVL	2006 EUR	2005 EUR
OPERATING ACTIVITIES				
Net profit before taxation and minority interest	7,563,827	5,575,019	10,762,356	7,932,537
<i>Adjustments to reconcile net profit to net cash provided by operating activities:</i>				
Depreciation and amortization	1,473,877	965,161	2,097,138	1,373,300
(Gain) / loss on disposal of fixed assets and intangible assets	15,623	5,333	22,230	7,588
Foreign currency revaluation difference	250,228	(57,908)	356,042	(82,396)
Interest expense	384,802	220,547	547,524	313,810
Interest income	(308,303)	(112,229)	(438,676)	(159,687)
Changes in operating assets and liabilities:				
(Increase) / decrease in inventory	(2,712,790)	(521,727)	(3,859,952)	(742,351)
(Increase) / decrease in receivables	(6,965,227)	(2,698,271)	(9,910,625)	(3,839,294)
Increase / (decrease) in liabilities	1,421,044	(162,879)	2,021,963	(231,755)
Real estate and corporate income tax paid	(1,060,672)	(584,641)	(1,509,200)	(831,868)
Net cash provided by operating activities	62,409	2,628,405	88,800	3,739,884
INVESTING ACTIVITIES				
Purchase of tangible and intangible fixed assets	(7,589,862)	(2,771,776)	(10,799,401)	(3,943,882)
Sale of fixed assets	12,693	651	18,061	926
Interest received	186,613	47,471	265,526	67,545
Other loans	-	6,078	-	8,648
Short term financial investments	(103,376)	(5,000,000)	(147,091)	(7,114,359)
Acquisition of long term financial investments	(1,198,087)	(921,750)	(1,704,724)	(1,311,532)
Net cash used in investing activities	(8,692,019)	(8,639,326)	(12,367,629)	(12,292,654)
FINANCING ACTIVITIES				
Share issue	-	12,361,350	-	17,588,616
Interest paid	(384,802)	(210,595)	(547,524)	(299,650)
Interest income	32,624	-	46,420	-
Finance lease payments	-	(34,462)	-	(49,035)
Received loans from credit institutions	5,489,744	1,842,383	7,811,202	2,621,475
Repaid loans to credit institutions	(1,913,166)	(2,300,478)	(2,722,190)	(3,273,285)
Net cash provided by (used in) financing activities	3,224,400	11,658,198	4,587,908	16,588,121
Net (decrease) increase in cash	(5,405,210)	5,647,277	(7,690,921)	8,035,351
CASH AT THE BEGINNING OF THE YEAR	5,979,356	332,079	8,507,857	472,506
CASH AT THE END OF THE YEAR	574,146	5,979,356	816,936	8,507,857

NOTES

FINISHED GOODS AND GOODS FOR RESALE

	2006	2005	2006	2005
	LVL	LVL	EUR	EUR
Goods for sale	1,889,044	1,320,085	2,687,868	1,878,312
Self-manufactured production	1,356,409	789,706	1,929,996	1,123,651
Co- manufactured produktion	71,500	55,902	101,735	79,542
Total	3,316,953	2,165,693	4,719,599	3,081,505

OTHER DEBTORS

	2006	2005	2006	2005
	LVL	LVL	EUR	EUR
Overpaid taxes	347,354	304,319	494,243	433,006
Other	739,001	608,415	1,051,499	865,696
Total	1,086,355	912,734	1,545,742	1,298,702

CASH

	2006	2005	2006	2005
	LVL	LVL	EUR	EUR
Cash in bank	565,253	5,968,189	804,282	8,491,968
Cash on hand	8,893	11,167	12,654	15,889
Total	574,146	5,979,356	816,936	8,507,857

LOANS FROM CREDIT INSTITUTIONS

	2006 LVL	2005 LVL	2006 EUR	2005 EUR
Credit line from Hansabank, Latvia	2,525,857	-	3,593,970	-
Hansabank, Latvia	1,618,071	-	2,302,308	-
Credit line from HVB Bank Latvia	1,507,323	849,999	2,144,727	1,209,440
Ministry of Finance (World Bank loan)	684,769	380,000	974,339	540,691
HVB Bank, Latvia	191,163	191,163	272,000	272,000
Parex bank, Latvia	177,550	177,550	252,631	252,631
Hansabank, Latvia	167,189	167,189	237,889	237,889
Hansabank, Latvia	-	29,650	-	42,188
Current loans from credit institutions	6,871,922	1,795,551	9,777,864	2,554,839
Hansabank, Latvia	1,644,929	992,384	2,340,523	1,412,035
HVB Bank, Latvia	286,744	477,907	408,000	680,000
Parex bank, Latvia	147,959	325,509	210,527	463,158
Hansabank, Latvia	97,549	264,738	138,800	376,688
Parex bank, Latvia	-	909,093	-	1,293,523
Ministry of Finance (World Bank loan)	-	684,769	-	974,339
Non-current loans from credit institutions	2,177,181	3,654,400	3,097,850	5,199,743
Total	9,049,103	5,449,951	12,875,714	7,754,582

TAX LIABILITIES

	2006 LVL	2005 LVL	2006 EUR	2005 EUR
Corporate income tax	-	442,961	-	630,277
Personal income tax	48,250	7,862	68,654	11,187
Social security payments	147,692	18,584	210,147	26,443
Other	6,468	3,547	9,202	5,046
Total	202,410	472,954	288,003	672,953

NET SALES

	2006 LVL	2005 LVL	2006 EUR	2005 EUR
Russia	24,630,977	16,250,417	35,046,723	23,122,260
Commonwealth of Independent States	12,732,297	10,109,169	18,116,426	14,384,052
Other countries	3,605,774	2,939,322	5,130,554	4,182,278
Latvia	2,404,687	2,504,310	3,421,561	3,563,312
Lithuania	1,357,500	2,289,922	1,931,548	3,258,265
Estonia	965,480	1,051,233	1,373,754	1,495,770
Services	80,154	28,492	114,050	40,541
Gross sales	45,776,869	35,172,865	65,134,616	50,046,478
Less discounts allowed	(3,548,641)	(2,951,663)	(5,049,261)	(4,199,838)
Net sales	42,228,228	32,221,202	60,085,355	45,846,640

COST OF GOODS SOLD

	2006 LVL	2005 LVL	2006 EUR	2005 EUR
Goods purchased for resale	6,325,265	5,841,528	9,000,041	8,311,746
Direct labour and social security payments	4,221,945	2,569,966	6,007,287	3,656,732
Raw materials	3,155,826	4,020,484	4,490,336	5,720,633
Research costs	2,436,516	1,222,381	3,466,850	1,739,291
Depreciation and amortisation	929,088	667,179	1,321,973	949,310
Heating, gas, electricity, water and sewage	523,918	419,377	745,468	596,720
Machinery, buildings and equipment repairs	464,810	468,935	661,365	667,234
Internal works	152,041	125,676	216,335	178,821
Waste disposal	140,911	89,390	200,498	127,191
Transport	103,730	63,740	147,594	90,694
Rent of work clothing	74,362	56,912	105,808	80,978
Other	795,348	597,504	1,131,678	850,172
Total	19,323,760	16,143,072	27,495,233	22,969,522

SELLING AND DISTRIBUTION COSTS

	2006 LVL	2005 LVL	2006 EUR	2005 EUR
Advertising	4,475,073	2,651,673	6,367,455	3,772,991
Protection of patents	477,477	403,761	679,389	574,500
Salaries and social security payments	685,037	536,075	974,720	762,766
Expenses of representative offices	1,669,616	928,982	2,375,650	1,321,822
Transportation	456,282	299,217	649,231	425,747
Registration costs of medicine	264,380	165,933	376,179	236,101
Commissions	225,463	146,981	320,805	209,135
Freight insurance	118,477	50,798	168,578	72,279
Other	61,300	55,336	87,222	78,736
Total	749,772	463,307	1,066,828	659,228
	9,182,877	5,702,063	13,066,057	8,113,305

ADMINISTRATIVE EXPENSES

	2006 LVL	2005 LVL	2006 EUR	2005 EUR
Administrative salaries and social security	2,155,317	1,689,454	3,066,740	2,403,876
Depreciation and amortisation	326,288	247,184	464,266	351,711
Security costs	169,804	144,321	241,609	205,350
Transport	152,806	132,137	217,423	188,014
Personell training and hiring expenses	130,503	169,419	185,689	241,062
Employee insurance	117,207	136,442	166,771	194,139
Professional services	113,742	255,728	161,840	363,868
Business trips	113,671	70,794	161,739	100,731
Computers maintenance	78,296	32,262	111,405	45,905
Bank charges	66,373	68,562	94,440	97,555
Communication expense	54,873	57,175	78,077	81,353
Electricity	96,248	78,413	136,950	111,572
Other	2,090,546	1,371,817	2,974,579	1,951,920
Total	5,665,674	4,453,708	8,061,528	6,337,056

Currency exchange for the EUR – 0.702804

Chairman of the Executive Board, CEO

Janis Romanovskis

I. Prodniece
7083204

Information on the accounting policy employed in the non-audited twelve month period financial accounts of 2006

JSC *Grindeks* hereby informs that there were no changes made in its accounting policy in 2006.

In non-audited financial accounts of twelve months period year 2006 Company has employed the same Accounting and consolidation principles as in the audited consolidated financial accounts for year 2005, released on June 5, 2006.