

Joint Stock Company “Grindeks”

*Non-audited consolidated financial statements
for the periods ended 30 June, 2008 and
30 June, 2007
prepared in accordance with International
Financial Reporting Standards*

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ANCILLARY INFORMATION

Name	“GRINDEKS”
Legal status	Joint Stock Company since 25 August 1997
Number, place and date of registration	40003034935, Riga, Republic of Latvia, 11 October 1991
Business activities	Production of pharmaceutical, medical and phyto-chemical medicines
Legal address	53 Krustpils Street Riga, LV – 1057 Latvia
Subsidiaries	JSC “Tallinn Pharmaceutical Plant” Tondi 33 11316, Tallinn, Estonia JSC “Kalceks” 53 Krustpils str. Riga, LV - 1057, Latvia “Namu apsaimniekosanas projekti” Ltd. 53 Krustpils str. Riga, LV - 1057, Latvia “Grindeks Rus” Ltd. 74/3 Warsaw str. 117556, Moscow, Russia
Reporting period	1 January 2008 – 30 June 2008
Previous reporting period	1 January 2007 – 30 June 2007

THE BOARD AND THE SUPERVISORY COUNCIL

Board of the Company

(In compliance with the election/dismissal dates)

From 2 January 2007 to the date of issuing the financial statements:

<u>Name</u>	<u>Position</u>
Janis Romanovskis	Chairman of the Board
Vitalijs Skrivelis	Board member
Lipmans Zeligmans	Board member

Supervisory Council of the Company

(In compliance with the election/dismissal dates)

From 20 January 2006 to 22 February 2008:

<u>Name</u>	<u>Position</u>
Kirovs Lipmans	Chairman of the Supervisory Council
Vitalijs Gavrilovs	Vice-Chairman of the Supervisory Council
Uldis Osis	Member of the Supervisory Council
Janis Naglis	Member of the Supervisory Council
Ivars Kalvins	Member of the Supervisory Council

From 22 February to the date of issuing the financial statements:

<u>Name</u>	<u>Position</u>
Kirovs Lipmans	Chairman of the Supervisory Council
Vitalijs Gavrilovs	Vice-Chairman of the Supervisory Council
Uldis Osis	Member of the Supervisory Council
Janis Naglis	Member of the Supervisory Council
Anna Lipmane	Member of the Supervisory Council

MAJOR SHAREHOLDERS

Shareholders of the Company as of 31 May 2007 and 1 January 2008 (*Latvian Central Depository data*)

	01.01.2008	31.05.2007.
	Investments	Investments
	in percentage	in percentage
	(%)	(%)
Kirovs Lipmans	33.29	28.73
Anna Lipmane	16.69	16.69
<i>Hansapank AS Clients Account</i>	15.89	-
Vitalijs Gavrilovs	11.30	11.30
<i>Skandinaviska Enskilda Banken</i>	9.23	-
<i>State Social Insurance Agency</i>	2.29	2.29
Other shareholders	11.31	40.99
Total	100.00	100.00

MANAGEMENT REPORT

Mode of activity

In the reporting period the Group of “Grindeks” consisted of JSC “Grindeks” and its four subsidiaries: JSC “Tallinn Pharmaceutical Plant”, JSC “Kalceks”, “Namu Apsaimniekošanas projekti” Ltd. and “Grindeks RUS” Ltd. (altogether hereinafter referred to as “the Group”).

Main activity of the Group is research, development, production and sales of original products, generics and active pharmaceutical ingredients.

Group activity during reporting period

In the first half of the year 2008 turnover of the Group amounted to 31.9 million lats, which is by 6 million lats or 23% more than during first six months of 2007. Net profit, related to the shareholders of the holding company, in the reporting period amounted to 5 million lats, which is by 43% more than in the first half of 2007. During the reporting period, gross profit margin of the Group reached 58%, whereas, net profit margin comprised 15.7%. Products of the Group, manufactured during the reporting period, were exported to 38 states worldwide for a total amount of 30.7 million lats, which is by 6 million lats or 24% more than in the comparable reporting period of 2007.

Sales of ready-made medications

In the first half of 2008 sales volume of ready-made medications of the Group amounted to 29.6 million lats, exceeding the result of the comparable reporting period of 2007 by 5.8 million lats or 24.5%. Sales of ready-made medications in the main markets, Russia and other CIS countries, amounted to 26.7 million lats. During the reporting period 24.6 million lats or 78% of the total sales volume of the ready-made medications were formed by sales of original product *Mildronate*®, what exceeded the result of the corresponding period of 2007 by 6.8 million lats or 38%. It is important to outline that, in the beginning of 2008 “Grindeks” concluded agreement with the Russian pharmaceutical company “Pharmstandard” for long-term co-operation, which foresees, that “Pharmstandard” accomplishes exclusive distribution and promotion of “Grindeks” original medication *Mildronate*® in the Russian Federation. This co-operation, during the first half of 2008, resulted in substantial increase of sales of *Mildronate*® as well as increase in accounts receivable at the end of the first half of 2008. However, already in July accounts receivable substantially decreased as a result of payments received following respective payment terms.

Sales of active pharmaceutical ingredients

The main export markets for active pharmaceutical ingredients (hereinafter referred to as “API”) produced by *Grindeks* are Europe, Japan, the USA, Australia, Pakistan and India. In the first six months of 2008 export of API reached 2.3 million lats which is by 0.1 million lats or 5% more than during the same period of 2007.

Ftorafur, *zopiclone*, *oxytocin* and *rilmenidine* and new veterinary product *detomidine* are the most marketable products among API produced by “Grindeks”. Besides, during the first half of 2008 “Grindeks” has sustained its remarkable market share both in the EU and worldwide markets in sales of *zopiclone*, *oxytocin* and veterinary product *detomidine*.

It is important to mention, that “Grindeks” API production has completely satisfied increasing internal demand for API, including *Mildronate*® substance, for production of ready-made medications.

Investment program

The Group continues realization of large scope investment program, including, but not limited to: expansion of Final Dosage Forms Production Unit and construction of Waste Water Purification System at the production site in Latvia. Difficult economical situation in the Baltic State did not make any influence on investment program and all investment projects are proceeded according to the agreed schedule.

Quality and environmental protection

In the first six months of 2008 JSC “Grindeks” successfully passed a number of important inspections and audits by Environment protection institutions, ISO, clients; for example, the audit of *ftorafur* production unit on compliance with the requirements of ICH Q7 guidelines by the long-term partner “Taiho Pharmaceutical”.

Growth of “Grindeks” share price during the reporting period (data of Riga Stock Exchange)

“Grindeks” shares are quoted in the Official List of Riga Stock Exchange starting from 2 January 2006.



Fluctuation of “Grindeks” share price on Riga Stock Exchange during the reporting period was within limits from 5.05 Ls to 6.50 Ls per share. Total quantity of Company’s shares, traded in Riga Stock Exchange, during the reporting period, was 453.8 thousand shares, whereas turnover amounted to 2.6 million lats. As of 30 June 2008 capitalization of “Grindeks” reached 58.47 million lats. Profit per share, for the first half of 2008, amounted to 0.53 Ls as compared to 0.36 Ls during the same period in 2007.

Future expectations

The Group will continue development to increase shareholders’ value, by means of increasing sales volumes in the existing and new attractive markets, as well as improving effectiveness of operations.

On behalf of the Group Management:

Janis Romanovskis
Chairman of the Board

7 August 2008

STATEMENT OF BOARD`S RESPONSIBILITIES

The Board of JSC "Grindeks" (hereinafter - the Company) is bearing the responsibility for preparation of the consolidated interim financial statements of the Company and its subsidiaries (hereinafter the Group). Independent auditors have non-audited interim financial statements of the Group.

The consolidated interim financial statements, enclosed from the page 9 to the page 18, are prepared in accordance with the accounting records and source documents, presenting fairly the financial position of the Group as of 30 June 2008 and the results of its operations and cash flows for the six-month period ended 30 June 2008.

Above mentioned 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. The management in preparation of the consolidated interim financial statements has made prudent and reasonable judgments and estimates.

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

On behalf of the Board:

Janis Romanovskis
Chairman of the Board

7 August 2008

BALANCE SHEET

	30.06.2008. LVL	30.06.2007. LVL	30.06.2008. EUR	30.06.2007. EUR
ASSETS				
Non-current assets				
Intangible assets				
Software, patents, licenses, trademarks and other rights	379,214	440,787	539,573	627,183
Advance payments for intangible assets	25,000	25,000	35,572	35,572
Total intangible assets	404,214	465,787	575,145	662,755
Tangible fixed assets				
Land, buildings and constructions	6,262,039	6,717,578	8,910,079	9,558,252
Equipment and machinery	6,991,637	6,436,151	9,948,203	9,157,818
Other fixed assets	574,194	665,786	817,004	947,328
Advance payments for fixed assets	6,345,816	4,323,887	9,029,283	6,152,337
Construction in progress	6,448,262	195,000	9,175,050	277,460
Total tangible fixed assets	26,621,948	18,338,402	37,879,619	26,093,195
Investment property	4,659,551	4,413,285	6,629,944	6,279,539
Long-term financial investments				
Investments in associated companies	22,000	-	31,303	-
Other investments	105,421	134,236	150,001	191,001
Deferred expenses	-	70,317	-	100,052
Total long-term financial investments	127,421	204,553	181,304	291,053
Total non-current assets	31,813,134	23,422,027	45,266,012	33,326,542
Current assets				
Inventory				
Raw materials	1,913,072	1,484,599	2,722,056	2,112,394
Unfinished goods	1,651,975	1,967,252	2,350,549	2,799,147
Finished goods and goods for resale	3,854,108	2,843,209	5,483,902	4,045,522
Total inventory	7,419,155	6,295,060	10,556,507	8,957,063
Debtors				
Trade receivables	23,500,292	19,078,591	33,437,903	27,146,389
Other debtors	1,689,786	1,539,031	2,404,348	2,189,844
Deferred expenses	146,212	131,589	208,041	187,234
Total debtors	25,336,290	20,749,211	36,050,292	29,523,467
Financial assets at fair value through profit and loss	-	738,171	-	1,050,323
Cash and cash equivalents	487,846	1,809,300	694,142	2,574,402
Total current assets	33,243,291	29,591,742	47,300,941	42,105,255
TOTAL ASSETS	65,056,425	53,013,769	92,566,953	75,431,797

	30.06.2008.	30.06.2007.	30.06.2008.	30.06.2007.
	LVL	LVL	EUR	EUR
EQUITY AND LIABILITIES				
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 loss) / retained profit:				
a) prior year accumulated profit/loss	12,984,900	5,864,453	18,475,848	8,344,365
b) foreign currency revaluation	(10,814)	-	(15,385)	-
c) current year profit	5,028,373	3,485,123	7,154,730	4,958,883
Equity attributable to equity holders of the parent	43,740,114	35,087,231	62,236,576	49,924,631
Minority interest	52,199	49,809	74,272	70,872
Total equity	43,792,313	35,137,040	62,310,848	49,995,503
LIABILITIES				
Long-term liabilities				
Loans from credit institutions	5,341,010	2,177,181	7,599,573	3,097,849
Finance lease liabilities	1,034,242	87,934	1,471,594	125,119
Deferred income	1,333,986	1,333,986	1,898,091	1,898,091
Deferred tax liability	1,625,297	1,181,225	2,312,589	1,680,732
Total non-current liabilities	9,334,535	4,780,326	13,281,847	6,801,791
Current liabilities				
Loans from credit institutions	4,690,767	6,975,313	6,674,360	9,924,976
Finance lease liabilities	13,504	9,176	19,214	13,056
Advances from customers	56,863	74,847	80,909	106,498
Trade accounts payable	5,662,920	4,899,041	8,057,609	6,970,707
Taxes and social security liabilities	534,066	425,461	759,907	605,376
Other payables	663,842	439,020	944,562	624,670
Deferred income	62,426	166,014	88,824	236,217
Accrued liabilities	245,189	107,531	348,873	153,003
Total current liabilities	11,929,577	13,096,403	16,974,258	18,634,503
Total liabilities	21,264,112	17,876,729	30,256,105	25,436,294
TOTAL EQUITY AND LIABILITIES	65,056,425	53,013,769	92,566,953	75,431,797

STATEMENT OF PROFIT OR LOSS

	2008	2007	2008	2007
	January - June LVL	January - June LVL	January - June EUR	January - June EUR
Net sales	31,876,038	25,930,601	45,355,516	36,895,921
Cost of goods sold	(13,379,779)	(11,993,443)	(19,037,710)	(17,065,132)
Gross profit	18,496,259	13,937,158	26,317,806	19,830,789
Selling expenses	(7,096,194)	(5,707,428)	(10,096,974)	(8,120,938)
Administrative expenses	(4,334,934)	(3,813,862)	(6,168,055)	(5,426,637)
Other operating income	684,631	70,182	974,140	99,860
Other operating expenses	(1,254,401)	(127,134)	(1,784,852)	(180,895)
Interest income and similar income	1,813	7,826	2,580	11,135
Interest expense and similar expense	(147,710)	(163,542)	(210,172)	(232,699)
Real estate tax	(44,239)	(52,048)	(62,946)	(74,058)
Profit before taxation	6,305,225	4,151,152	8,971,527	5,906,557
Corporate income tax	(1,277,136)	(666,369)	(1,817,201)	(948,158)
NET PROFIT FOR THE YEAR	5,028,089	3,484,783	7,154,326	4,958,399
Attributable to:				
Equity holders of the parent	5,028,373	3,485,123	7,154,730	4,958,883
Minority interest	(284)	(340)	(404)	(484)
TOTAL	5,028,089	3,484,783	7,154,326	4,958,399
Earnings per share attributable equity holders of the parent (LVL per share)				
- Basic earnings per share	0,53	0,36	0,75	0,52
- Diluted earnings per share	0,53	0,36	0,75	0,52

STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserves	Foreign currency translation reserve	Accumulated profit	Equity attributable to equity holders of the parent	Minority Interest	Total
	LVL	LVL	LVL	LVL	LVL	LVL	LVL	LVL
As of 31.12.2007	9,585,000	15,687,750	464,905	(6)	12,984,900	38,722,549	52,483	38,775,032
Profit for the period	-	-	-	-	5,028,373	5,028,373	(284)	5,028,089
Foreign currency revaluation	-	-	-	(10,808)	-	(10,808)	-	(10,808)
As of 30.06.2008	9,585,000	15,687,750	464,905	(10,814)	18,013,273	43,740,114	52,199	43,792,313

	Share capital	Share premium	Other reserves	Foreign currency translation reserve	Accumulated profit	Equity attributable to equity holders of the parent	Minority Interest	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
As of 31.12.2007	13,638,226	22,321,657	661,500	(7)	18,475,848	55,097,224	74,676	55,171,900
Profit for the period	-	-	-	-	7,154,730	7,154,730	(404)	7,154,326
Foreign currency revaluation	-	-	-	(15,378)	-	(15,378)	-	(15,378)
As of 30.06.2008	13,638,226	22,321,657	661,500	(15,385)	25,630,578	62,236,576	74,272	62,310,848

STATEMENTS OF CASH FLOW

	2008 January - June LVL	2007 January - June LVL	2008 January - June EUR	2007 January - June EUR
OPERATING ACTIVITIES				
Net profit before taxation	6,305,225	4,151,152	8,971,527	5,906,557
<i>Adjustments to reconcile net profit to net cash provided by operating activities:</i>				
Depreciation and amortisation	1,023,505	913,847	1,456,316	1,300,287
Loss / (gain) on disposal of fixed assets and intangible assets	21,222	(1,590)	30,196	(2,262)
Interest income	(1,813)	(7,826)	(2,580)	(11,135)
Interest expense	147,710	163,542	210,172	232,699
<i>Changes in operating assets and liabilities:</i>				
Inventory	(376,177)	629,090	(535,252)	895,114
Debtors	(7,272,252)	(5,597,266)	(10,347,482)	(7,964,192)
Creditors	772,629	267,593	1,099,352	380,751
Corporate income tax paid	620,049	518,542	882,249	737,819
Net cash provided by (used in) operating activities	(406,664)	(420,366)	(578,630)	(598,127)
	213,385	98,176	303,619	139,692
INVESTING ACTIVITIES				
Corporate income tax paid				
Purchase of fixed assets and intangible assets	(5,063,943)	(4,283,862)	(7,205,342)	(6,095,386)
Proceeds from sale of fixed assets	350	-	498	-
Purchase of long term financial investments	-	(502,000)	-	(714,282)
Redemption of short term financial investments	-	4,499,771	-	6,402,597
Net cash used in investing activities	(5,063,593)	(286,091)	(7,204,844)	(407,071)
FINANCING ACTIVITIES				
Received loans from credit institutions	4,184,138	561,087	5,953,492	798,355
Repaid loans to credit institutions	(504,237)	(457,496)	(717,465)	(650,958)
EU funding received	-	1,500,000	-	2,134,308
Interest income	1,813	949	2,580	1,350
Interest paid	(147,710)	(181,471)	(210,172)	(258,210)
Net cash provided by financing activities	3,534,004	1,423,069	5,028,435	2,024,845
Net (decrease)/ increase in cash and cash equivalents	(1,316,204)	1,235,154	(1,872,790)	1,757,466
Cash and cash equivalents at the beginning of the year	1,804,050	574,146	2,566,932	816,936
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	487,846	1,809,300	694,142	2,574,402

NOTES

FINISHED GOODS AND GOOD FOR RESALE

	30.06.2008. LVL	30.06.2007. LVL	30.06.2008. EUR	30.06.2007. EUR
Self-manufactured and co-manufactured production	2,706,364	1,079,899	3,850,809	1,536,558
Goods for sale	1,147,744	1,763,310	1,633,093	2,508,964
Total	3,854,108	2,843,209	5,483,902	4,045,522

OTHER DEBTORS

	30.06.2008. LVL	30.06.2007. LVL	30.06.2008. EUR	30.06.2007. EUR
Tax receivables	607,143	189,236	863,887	269,259
Other	1,082,643	1,349,795	1,540,461	1,920,585
Total	1,689,786	1,539,031	2,404,348	2,189,844

CASH AND CASH EQUIVALENTS

	30.06.2008. LVL	30.06.2007. LVL	30.06.2008. EUR	30.06.2007. EUR
Cash in bank	486,012	1,799,029	691,532	2,559,788
Cash on hand	1,834	10,271	2,610	14,614
Total	487,846	1,809,300	694,142	2,574,402

LOANS FROM CREDIT INSTITUTIONS

	30.06.2008. LVL	30.06.2007. LVL	30.06.2008. EUR	30.06.2007. EUR
Credit line from JSC "Hansabanka", Latvia	2,667,884	3,079,937	3,796,057	4,382,356
Credit line from JSC "UniCredit Bank", Latvia	1,584,406	1,514,230	2,254,407	2,154,554
JSC "Hansabanka", Latvia	177,107	1,618,071	252,000	2,302,308
JSC "Hansabanka", Latvia	151,834	-	216,040	-
JSC "UnicreditBank Latvia"	95,581	95,581	136,000	136,000
JSC "Hansabanka", Latvia	13,955	84,051	19,856	119,594
JSC "Parekss banka", Latvia	-	88,674	-	126,172
Ministry of Finance (World Bank credit)	-	494,769	-	703,992
Current loans from credit institutions	4,690,767	6,975,313	6,674,360	9,924,976
JSC "Hansabanka", Latvia	2,696,425	1,644,929	3,836,667	2,340,523
JSC "Hansabanka", Latvia	1,277,790	-	1,818,131	-
JSC "SEB Unibanka", Latvia	1,271,214	-	1,808,775	-
JSC "UnicreditBank Latvia"	95,581	286,744	136,000	408,000
JSC "Parekss banka", Latvia	-	147,959	-	210,526
JSC "Hansabanka", Latvia	-	97,549	-	138,800
Non-current loans from credit institutions	5,341,010	2,177,181	7,599,573	3,097,849
Total	10,031,777	9,152,494	14,273,933	13,022,825

TAX LIABILITIES

	30.06.2008. LVL	30.06.2007. LVL	30.06.2008. EUR	30.06.2007. EUR
Corporate income tax	290,330	172,343	413,102	245,222
Personal income tax	199,957	83,882	284,513	119,353
Social security payments	37,789	151,918	53,769	216,160
Other	5,990	17,318	8,523	24,641
Total	534,066	425,461	759,907	605,376

NET SALES

	2008	2007	2008	2007
	January -	January -	January -	January -
	June	June	June	June
	LVL	LVL	EUR	EUR
Russia	19,223,390	13,092,646	27,352,420	18,629,157
Other CIS countries	10,754,332	9,337,691	15,302,036	13,286,337
Other countries	2,390,814	2,681,003	3,401,822	3,814,724
Latvia	1,265,994	1,318,424	1,801,347	1,875,948
Lithuania	888,484	803,404	1,264,199	1,143,141
Estonia	515,612	502,391	733,650	714,838
Other income	149,392	29,747	212,565	42,326
Gross sales	35,188,018	27,765,306	50,068,039	39,506,471
Less discounts				
Russia	(2,217,260)	(826,147)	(3,154,877)	(1,175,501)
Other CIS countries	(927,045)	(823,133)	(1,319,066)	(1,171,214)
Latvia	(90,043)	(109,436)	(128,120)	(155,713)
Lithuania	(34,551)	(22,516)	(49,162)	(32,037)
Estonia	(31,263)	(28,397)	(44,483)	(40,405)
Other countries	(11,818)	(25,076)	(16,815)	(35,680)
Discounts total	(3,311,980)	(1,834,705)	(4,712,523)	(2,610,550)
Total, net	31,876,038	25,930,601	45,355,516	36,895,921

COST OF GOODS SOLD

	2008	2007	2008	2007
	January -	January -	January -	January -
	June	June	June	June
	LVL	LVL	EUR	EUR
Goods purchased for resale	3,640,486	3,931,075	5,179,945	5,593,416
Raw materials and packing	5,187,943	3,792,033	7,381,778	5,395,577
Direct labour and social security payments	3,127,060	2,649,691	4,449,406	3,770,171
Research costs	1,269,788	1,024,719	1,806,746	1,458,044
Depreciation of fixed assets and amortization of intangible assets	707,888	545,136	1,007,234	775,659
Electricity resource expenses	391,942	324,519	557,683	461,749
Machinery, buildings and equipment repairs	355,628	273,339	506,013	388,926
Household expenses	107,089	85,845	152,374	122,146
Transport	56,323	53,664	80,140	76,357
Rent of work clothing	43,074	40,943	61,289	58,257
Waste disposal	35,831	66,370	50,983	94,436
Other	925,502	400,840	1,316,869	570,343
Internal turnover of self-manufactured raw materials	(2,468,775)	(1,194,731)	(3,512,750)	(1,699,949)
Total	13,379,779	11,993,443	19,037,710	17,065,132

SELLING AND DISTRIBUTION COSTS

	2008	2007	2008	2007
	January -	January -	January -	January -
	June	June	June	June
	LVL	LVL	EUR	EUR
Advertising	3,430,403	2,994,071	4,881,024	4,260,179
Expenses of representative offices	1,288,702	981,010	1,833,658	1,395,851
Salaries and social security payments	531,079	447,186	755,657	636,288
Patents	341,523	266,434	485,943	379,101
Distribution expenses for goods	283,207	255,164	402,967	363,066
Registration costs for medicine	140,709	156,426	200,211	222,574
Commissions	109,748	200,537	156,157	285,338
Depreciation of fixed assets and amortisation of intangible assets	97,534	85,491	138,778	121,643
Freight insurance	27,078	27,423	38,529	39,019
Other	846,211	293,686	1,204,050	417,879
Total	7,096,194	5,707,428	10,096,974	8,120,938

ADMINISTRATIVE EXPENSES

	2008	2007	2008	2007
	January -	January -	January -	January -
	June	June	June	June
	LVL	LVL	EUR	EUR
Salaries and social security payments	2,316,548	1,459,402	3,296,151	2,076,542
Depreciation of fixed assets and amortisation of intangible assets	218,083	208,223	310,304	296,275
Security costs	135,108	105,584	192,241	150,232
Transport	94,614	90,905	134,624	129,346
Employee insurance	86,361	55,578	122,881	79,080
Electricity	85,785	57,363	122,061	81,620
Personnel training and hiring expenses	77,781	87,034	110,672	123,838
Computers maintenance	76,295	34,357	108,558	48,886
Business trips	47,785	38,432	67,992	54,684
Bank charges	38,264	36,708	54,445	52,231
Professional services	31,217	38,329	44,418	54,537
Property and liability insurance	26,187	16,100	37,261	22,908
Communication expense	19,307	21,381	27,471	30,422
Other	1,081,599	1,564,466	1,538,976	2,226,036
Total	4,334,934	3,813,862	6,168,055	5,426,637

Currency exchange for the EUR – 0.702804

JSC “Grindeks” hereby informs that there were no changes made in its accounting policy in the first half of the year 2008. In non-audited financial accounts for the period January - June 2008 the Group has employed the same Accounting and Consolidation Principles as in the audited consolidated financial accounts for the year 2007, released on April 11, 2008.

Chairman of the Board

Janis Romanovskis

7 August 2008