

Grindex

Joint Stock Company “Grindeks”

*Non-audited consolidated financial statements
for the periods ended
30 September 2008 and 30 September 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 September 2008
Previous reporting period	1 January 2007 – 30 September 2007

THE BOARD AND THE SUPERVISORY COUNCIL

Board of the Company

(In compliance with the election/dismissal dates)

From 2 January 2007 to 13 October 2008:

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

From 13 October 2008 to the date of issuing the financial statements:

<u>Name</u>	<u>Position</u>
Janis Romanovskis	Chairman of the Board
Lipmans Zeligmans	Board member
Vadims Rabša	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 1 January 2008 and 1 August 2008 (*Latvian Central Depository data*)

	01.01.2008	01.08.2008
	Investments	Investments
	in percentage	in percentage
	(%)	(%)
Kirovs Lipmans	33.29	33.29
Anna Lipmane	16.69	16.69
<i>Hansapank AS Clients Account</i>	15.89	14.20
Vitalijs Gavrilovs	11.30	11.30
<i>Skandinaviska Enskilda Banken</i>	9.23	8.60
<i>State Social Insurance Agency</i>	2.29	2.29
Other shareholders	11.31	13.63
Total	100.00	100.00

MANAGEMENT REPORT

Mode of activity

In the reporting period the “Grindeks” Group 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, manufacturing and sales of original products, generics and active pharmaceutical ingredients.

Group activity during reporting period

Turnover of the Group amounted to 46.95 million lats for the first nine months of 2008, which is by 8.89 million lats or 23.4% in comparison with the same period of 2007. Net profit, related to the shareholders of the holding company, in the reporting period amounted to 7.65 million lats, exceeding the result for the same reporting period in 2007 by 56.1%. During the reporting period, gross profit margin of the Group reached 56.9%, whereas, net profit margin comprised 16.3%. Products of the Group, manufactured during the reporting period, were exported to 43 states worldwide for the total amount of 45.1 million lats, in comparison with 8.7 million lats or 24% in 9 months of 2007.

Sales of ready-made medications

In the first nine months of 2008 sales volume of ready-made medications of the Group amounted to 43.25 million lats, exceeding the result for the same reporting period in 2007 by 8.3 million lats or 23.8%. Sales of ready-made medications in the main export markets, Russia and other CIS countries, amounted to 38.9 million lats.

The largest sales volume exceeded in Ukraine, Belarus and Russia. During the reporting period sales volume of the ready-made medications in comparison with the results of the first nine months of 2007 increased in Ukraine by 46%, in Belarus by 27% and in Russia by 11%. According to the “Pharmexpert” data the total pharmaceutical market increase in Russia for the first nine month period of 2008 was 16.8%, compared to the same period in 2007. Comparatively in the first half of 2008 the total pharmaceutical market increase in Ukraine was 13.29% and in Belarus – 8.64%, compared to the first half of 2007.

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, India, Australia and Pakistan. In the first nine months of 2008, export of API reached 3.7 million lats which is by 0.6 million lats or 19.4% more than during the same period of 2007.

Ftorafur, zopiclone, oxytocin rilmenidine and new veterinary product detomidine, medetomidine and atipamezol are the most marketable products among API produced by “Grindeks”. Besides, “Grindeks” has sustained 31% market share in worldwide markets of zopiclone and oxytocin, but export of new veterinary products to European Union forms 31% from EU market.

Investment program

The Group continues realization of large-scale investment program, which includes, but not limited to, expansion of production facility for ready-made medications as well as the construction of a purification plant at the Latvian production site. Difficult economical situation in the Baltic State did not make any influence on investment program and all investment projects are proceeding according to the agreed schedule.

The building of new production facility for ready-made medications has been launched. By the end of 2008 the receipt confirmation of Pharmacy Inspection on compliance of premises, systems and equipment to Good Manufacturing Practice standard and requirements of Pharmaceutical Legislation is planned.

To satisfy increasing demand for “Grindeks” ointment products and improve the effectiveness of operational activities, the company considers building of new ointment plant, where manufacturing processes of “Tallinn pharmaceutical plant” could take place in the future. At the moment “Grindeks” evaluates financial aspects of the project and the place for plant establishment.

“Grindeks” carries on negotiations with the Byelorussian pharmaceutical company RUE “Borisov Medical Preparations Plant” regarding possible investment project and development of joint venture. “Grindeks” will approve its readiness to get engaged in the investment project and development of joint venture only after rigorous business studies and data analyses is carried out.

Quality and environmental protection

In the first nine months of 2008 JSC “Grindeks” successfully passed a number of important inspections and audits by Environment protection institutions, ISO, the clients. The production unit of API received the Good Manufacturing Practice (GMP) certificate in September.

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

“Grindeks” shares are quoted in 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 4.83 Ls to 6.78 Ls per share. Total quantity of Company’s shares, traded in Riga Stock Exchange during the reporting period, was 522.187 thousand shares, whereas turnover amounted to 3.2 million lats. As of 30 September 2008 capitalization of “Grindeks” reached 46.3 million lats. Profit per share for the first nine months of 2008 amounted to 0.80 Ls as compared to 0.51 Ls during the same period in 2007.

Future expectations

JSC “Grindeks” forecasts that the year 2008 will end successfully and the turnover in the amount of 64 million lats will be reached. Such a result will be obtained due to successful business activity in Russia, in the rest CIS states and product sales in other world markets.

Currently the registration of the brand product Mildronate® continues in the People’s Republic of China. Implementing business activities in China after its registration, a joint venture could be also founded in the future. “Grindeks” carries out market research also in other South-East Asian markets and has started Mildronate® registration in Vietnam. The market strategy of “Grindeks” has justified itself, therefore we will concentrate our activity on both, the existing markets and new, prospective market acquisition

On behalf of the Group Management:

Janis Romanovskis
Chairman of the Board

6 November 2008

STATEMENT OF BOARD`S RESPONSIBILITIES

The Board of JSC "Grindex" (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 not 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 September 2008 and the results of its operations and cash flows for the period of nine-month ended 30 September 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

6 November 2008

BALANCE SHEET

	30.09.2008. LVL	30.09.2007. LVL	30.09.2008. EUR	30.09.2007. EUR
ASSETS				
Non-current assets				
Intangible assets				
Software, patents, licenses, trademarks and other rights	347,934	409,501	495,065	582,667
Advance payments for intangible assets	25,000	30,689	35,572	43,667
Total intangible assets	372,934	440,190	530,637	626,334
Tangible fixed assets				
Land, buildings and constructions	6,217,815	6,598,793	8,847,154	9,389,237
Equipment and machinery	6,810,836	6,681,571	9,690,947	9,507,019
Other fixed assets	567,708	640,107	807,776	910,790
Advance payments for fixed assets	6,663,102	5,388,622	9,480,739	7,667,318
Construction in progress	8,540,382	195,000	12,151,869	277,460
Total tangible fixed assets	28,799,843	19,504,093	40,978,485	27,751,824
Investment property	4,659,551	4,449,817	6,629,944	6,331,519
Long-term financial investments				
Investments in associated companies	22,000	-	31,303	-
Other investments	105,421	134,236	150,001	191,001
Total long-term financial investments	127,421	134,236	181,304	191,001
Total non-current assets	33,959,749	24,528,336	48,320,370	34,900,678
Current assets				
Inventory				
Raw materials	2,502,774	1,824,848	3,561,127	2,596,525
Unfinished goods	1,706,046	1,768,630	2,427,485	2,516,533
Finished goods and goods for resale	2,755,164	2,410,626	3,920,245	3,430,012
Total inventory	6,963,984	6,004,104	9,908,857	8,543,070
Debtors				
Trade receivables	18,943,849	18,080,547	26,954,669	25,726,300
Other debtors	2,611,576	1,354,717	3,715,937	1,927,589
Deferred expenses	90,284	103,704	128,463	147,557
Total debtors	21,645,709	19,538,968	30,799,069	27,801,446
Cash and cash equivalents	597,248	381,812	849,807	543,270
Total current assets	29,206,941	25,924,884	41,557,733	36,887,786
TOTAL ASSETS	63,166,690	50,453,220	89,878,103	71,788,464

	30.09.2008.	30.09.2007.	30.09.2008.	30.09.2007.
	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	18,475,849	8,344,365
b) foreign currency revaluation	(8,633)	-	(12,284)	
c) current year profit				
	7,652,043	4,902,025	10,887,876	6,974,953
Equity attributable to equity holders of the parent	46,365,965	36,504,133	65,972,824	51,940,701
Minority interest	52,528	49,471	74,741	70,391
Total equity	46,418,493	36,553,604	66,047,565	52,011,092
LIABILITIES				
Long-term liabilities				
Loans from credit institutions	5,482,333	2,177,181	7,800,657	3,097,849
Finance lease liabilities	1,286,858	87,934	1,831,034	125,119
Deferred income	1,333,986	1,333,986	1,898,091	1,898,091
Deferred tax liability	1,625,297	1,221,225	2,312,589	1,737,647
Total non-current liabilities	9,728,474	4,820,326	13,842,371	6,858,706
Current liabilities				
Loans from credit institutions	376,631	3,790,356	535,898	5,393,191
Finance lease liabilities	24,090	3,101	34,277	4,412
Advances from customers	37,294	89,844	53,065	127,836
Trade accounts payable	4,619,315	4,229,449	6,572,693	6,017,964
Taxes and social security liabilities	795,654	244,467	1,132,114	347,845
Other payables	890,201	456,887	1,266,641	650,092
Deferred income	31,349	155,655	44,606	221,477
Accrued liabilities	245,189	109,531	348,873	155,849
Total current liabilities	7,019,723	9,079,290	9,988,167	12,918,666
Total liabilities	16,748,197	13,899,616	23,830,538	19,777,372
TOTAL EQUITY AND LIABILITIES	63,166,690	50,453,220	89,878,103	71,788,464

STATEMENTS OF PROFIT AND LOSS

	2008 January- September LVL	2007 January- September LVL	2008 January- September EUR	2007 January- September EUR
Net sales	46,950,089	38,056,150	66,803,958	54,149,023
Cost of goods sold	(20,229,429)	(18,042,459)	(28,783,884)	(25,672,106)
Gross profit	26,720,660	20,013,691	38,020,074	28,476,917
Selling expenses	(10,277,952)	(8,635,359)	(14,624,208)	(12,287,009)
Administrative expenses	(6,231,984)	(5,121,215)	(8,867,314)	(7,286,832)
Other operating income	1,110,106	122,304	1,579,539	174,022
Other operating expenses	(1,560,407)	(200,754)	(2,220,260)	(285,648)
Interest income and similar income	806	47,496	1,147	67,581
Interest expense and similar expense	(189,792)	(236,098)	(270,050)	(335,937)
Real estate tax	(65,570)	(81,493)	(93,298)	(115,954)
Profit before taxation	9,505,867	5,908,572	13,525,630	8,407,140
Corporate income tax	(1,853,779)	(1,007,225)	(2,637,690)	(1,433,152)
NET PROFIT FOR THE YEAR	7,652,088	4,901,347	10,887,940	6,973,988
Attributable to:				
Equity holders of the parent	7,652,043	4,902,025	10,887,876	6,974,953
Minority interest	45	(678)	64	(965)
TOTAL	7,652,088	4,901,347	10,887,940	6,973,988
Earnings per share attributable equity holders of the parent (LVL per share)				
- Basic earnings per share	0.80	0.51	1.14	0.73
- Diluted earnings per share	0.80	0.51	1.14	0.73

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	-	-	-	-	7,652,043	7,652,043	45	7,652,088
Foreign currency revaluation	-	-	-	(8,627)	-	(8,627)	-	(8,627)
As of 30.09.2008	9,585,000	15,687,750	464,905	(8,633)	20,636,943	46,365,965	52,528	46,418,493

	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	(9)	18,475,849	55,097,223	74,677	55,171,900
Profit for the period	-	-	-	-	10,887,876	10,887,876	64	10,887,940
Foreign currency revaluation	-	-	-	(12,275)	-	(12,275)	-	(12,275)
As of 30.09.2008	13,638,226	22,321,657	661,500	(12,284)	29,363,725	65,972,824	74,741	66,047,565

STATEMENTS OF CASH FLOWS

	2008 January- September LVL	2007 January- September LVL	2008 January- September EUR	2007 January- September EUR
OPERATING ACTIVITIES				
Net profit before taxation	9,505,867	5,908,572	13,525,630	8,407,140
<i>Adjustments to reconcile net profit to net cash provided by operating activities:</i>				
Depreciation and amortisation	1,534,630	1,300,901	2,183,582	1,851,015
Loss / (gain) on disposal of fixed assets and intangible assets	21,222	(2,620)	30,196	(3,728)
Interest income	(806)	(47,496)	(1,147)	(67,581)
Interest expense	189,792	236,098	270,050	335,937
<i>Changes in operating assets and liabilities:</i>				
Inventory	78,994	920,046	112,398	1,309,108
Debtors	(3,581,671)	(4,387,023)	(5,096,259)	(6,242,171)
Creditors	695,585	(93,807)	989,723	(133,475)
Gross cash provided by operating activities	8,443,609	3,834,671	12,014,173	5,456,245
Corporate income tax paid	(795,515)	(1,020,158)	(1,131,916)	(1,451,554)
Net cash provided by (used in) operating activities	7,648,094	2,814,513	10,882,257	4,004,691
INVESTING ACTIVITIES				
Corporate income tax paid	(7,946,399)	(5,926,146)	(11,306,707)	(8,432,146)
Purchase of fixed assets and intangible assets	350	3,150	498	4,482
Interest received	-	46,647	-	66,373
Purchase of long term financial investments	-	(502,100)	-	(714,424)
Redemption of short term financial investments	-	5,184,417	-	7,376,761
Net cash used in investing activities	(7,946,049)	(1,194,032)	(11,306,209)	(1,698,954)
FINANCING ACTIVITIES				
Received loans from credit institutions	2,976,925	590,631	4,235,783	840,392
Repaid loans to credit institutions	(3,696,786)	(3,672,197)	(5,260,053)	(5,225,065)
EU funding received	-	1,500,000	-	2,134,308
Interest income	806	849	1,147	1,208
Interest paid	(189,792)	(232,098)	(270,050)	(330,246)
Net cash provided by financing activities	(908,847)	(1,812,815)	(1,293,173)	(2,579,403)
Net (decrease)/ increase in cash and cash equivalents	(1,206,802)	(192,334)	(1,717,125)	(273,666)
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	597,248	381,812	849,807	543,270

NOTES

FINISHED GOODS AND GOOD FOR RESALE

	30.09.2008.	30.09.2007.	30.09.2008.	30.09.2007.
	LVL	LVL	EUR	EUR
Self – manufactured production	1,259,366	1,529,215	1,791,916	2,175,877
Goods for sale	1,495,798	881,411	2,128,329	1,254,135
Total	2,755,164	2,410,626	3,920,245	3,430,012

OTHER DEBTORS

	30.09.2008.	30.09.2007.	30.09.2008.	30.09.2007.
	LVL	LVL	EUR	EUR
Tax receivables	477,819	219,100	679,875	311,751
Other	2,133,757	1,135,617	3,036,062	1,615,838
Total	2,611,576	1,354,717	3,715,937	1,927,589

CASH

	30.09.2008.	30.09.2007.	30.09.2008.	30.09.2007.
	LVL	LVL	EUR	EUR
Cash in bank	586,933	370,494	835,130	527,166
Cash on hand	10,315	11,318	14,677	16,104
Total	597,248	381,812	849,807	543,270

LOANS FROM CREDIT INSTITUTIONS

	30.09.2008. LVL	30.09.2007. LVL	30.09.2008. EUR	30.09.2007. EUR
Credit line from JSC "Hansabanka", Latvia	-	3,116,488	-	4,434,363
Credit line from JSC "UniCredit Bank", Latvia	28,361	498,709	40,354	709,599
JSC "Hansabanka", Latvia	151,834	-	216,040	-
JSC "Hansabanka", Latvia	88,554	75,988	126,001	108,122
JSC "UnicreditBank Latvia"	47,791	47,791	68,000	68,000
JSC "Hansabanka", Latvia	60,091	6996	85,503	9,954
JSC "Parekss banka", Latvia	-	44,384	-	63,153
Current loans from credit institutions	376,631	3,790,356	535,898	5,393,191
JSC "Hansabanka", Latvia	2,378,260	-	3,383,959	-
JSC "Hansabanka", Latvia	1,277,790	1,644,929	1,818,131	2,340,523
JSC "Hansabanka", Latvia	405,091	-	576,392	-
AS "SEB Unibanka", Latvia	1,325,611	-	1,886,175	-
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	5,482,333	2,177,181	7,800,657	3,097,849
Total	5,858,964	5,967,537	8,336,555	8,491,040

TAX LIABILITIES

	30.09.2008. LVL	30.09.2007. LVL	30.09.2008. EUR	30.09.2007. EUR
Corporate income tax	430,487	-	612,528	-
Personal income tax	117,192	117,743	166,749	167,533
Social security payments	191,585	118,612	272,601	168,770
Other	56,390	8,112	80,236	11,542
Total	795,654	244,467	1,132,114	347,845

NET SALES

	2008	2007	2008	2007
	January- September	January- September	January- September	January- September
	LVL	LVL	EUR	EUR
Russia	27,791,726	20,545,026	39,544,063	29,232,938
Other CIS countries	16,114,305	12,595,703	22,928,590	17,922,071
Other countries	3,587,092	3,465,608	5,103,972	4,931,116
Latvia	2,000,709	1,855,306	2,846,752	2,639,863
Lithuania	1,262,026	1,125,049	1,795,701	1,600,801
Estonia	789,434	760,634	1,123,263	1,082,285
Other income	470,139	328,745	668,949	467,761
Gross sales	52,015,431	40,676,071	74,011,290	57,876,835
Less discounts				
Russia	(3,424,717)	(972,830)	(4,872,933)	(1,384,212)
Other CIS countries	(1,378,816)	(1,078,812)	(1,961,878)	(1,535,011)
Latvia	(143,565)	(155,015)	(204,275)	(220,566)
Lithuania	(47,894)	(31,699)	(68,147)	(45,104)
Estonia	(49,382)	(43,160)	(70,264)	(61,411)
Other countries	(20,968)	(338,405)	(29,835)	(481,508)
Discounts total	(5,065,342)	(2,619,921)	(7,207,332)	(3,727,812)
Total, net	46,950,089	38,056,150	66,803,958	54,149,023

COST OF GOODS SOLD

	2008 January- September LVL	2007 January- September LVL	2008 January- September EUR	2007 January- September EUR
Goods purchased for resale	4,943,493	5,727,563	7,033,957	8,149,588
Raw materials and packing	7,772,630	5,575,423	11,059,456	7,933,112
Direct labour and social security payments	4,971,632	4,040,467	7,073,995	5,749,067
Research costs	1,952,590	1,912,637	2,778,285	2,721,437
Depreciation of fixed assets and amortization of intangible assets	1,061,836	849,250	1,510,857	1,208,374
Electricity resource expenses	519,177	416,642	738,722	592,828
Machinery, buildings and equipment repairs	589,171	439,408	838,315	625,221
Household expenses	158,451	124,258	225,455	176,803
Transport	83,995	77,621	119,514	110,445
Rent of work clothing	64,842	59,223	92,262	84,267
Waste disposal	53,409	97,206	75,994	138,312
Other	925,721	575,678	1,317,183	819,115
Internal turnover of self-manufactured raw materials	(2,867,518)	(1,852,917)	(4,080,111)	(2,636,463)
Total	20,229,429	18,042,459	28,783,884	25,672,106

SELLING AND DISTRIBUTION COSTS

	2008 January- September LVL	2007 January- September LVL	2008 January- September EUR	2007 January- September EUR
Advertising	5,058,594	4,348,171	7,197,731	6,186,890
Expenses of representative offices	1,921,093	1,522,282	2,733,469	2,166,012
Salaries and social security payments	809,877	690,203	1,152,351	982,070
Patents	445,549	387,213	633,959	550,954
Distribution expenses for goods	395,896	394,471	563,309	561,282
Registration costs for medicine	222,077	229,196	315,987	326,117
Commissions	122,326	375,843	174,054	534,776
Depreciation of fixed assets and amortisation of intangible assets	150,437	130,790	214,053	186,097
Freight insurance	36,480	38,599	51,906	54,921
Other	1,115,623	518,591	1,587,389	737,890
Total	10,277,952	8,635,359	14,624,208	12,287,009

ADMINISTRATIVE EXPENSES

	2008	2007	2008	2007
	January- September	January- September	January- September	January- September
	LVL	LVL	EUR	EUR
Salaries and social security payments	3,208,962	2,011,603	4,565,942	2,862,253
Depreciation of fixed assets and amortisation of intangible assets	310,049	320,861	441,160	456,544
Security costs	201,347	159,810	286,491	227,389
Transport	147,518	136,811	209,899	194,665
Employee insurance	129,579	87,535	184,374	124,551
Electricity	126,029	71,092	179,323	101,155
Personnel training and hiring expenses	93,782	96,246	133,440	136,946
Computers maintenance	108,312	40,119	154,114	57,084
Business trips	57,789	51,243	82,226	72,912
Bank charges	53,829	51,265	76,592	72,944
Professional services	47,638	56,143	67,783	79,884
Property and liability insurance	44,662	33,276	63,548	47,347
Communication expense	27,208	31,080	38,713	44,223
Other	1,675,280	1,974,131	2,383,709	2,808,935
Total	6,231,984	5,121,215	8,867,314	7,286,832

Currency exchange for the EUR – 0.702804

JSC “Grindeks” hereby informs that there were no changes made in its accounting policy in 2008. In non-audited financial accounts for the period January - September 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