

Grindex

Joint Stock Company “Grindeks”

*Non-audited consolidated financial statements
for the periods ended 30 June 2009 and
30 June 2008
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	<p>JSC “Tallinn Pharmaceutical Plant” Tondi 33 11316, Tallinn, Estonia</p> <p>JSC “Kalceks” 53 Krustpils str. Riga, LV - 1057, Latvia</p> <p>“Namu apsaimniekosanas projekti” Ltd. 53 Krustpils str. Riga, LV - 1057, Latvia</p> <p>“Grindeks Rus” Ltd. 74/3 Warsaw str. 117556, Moscow, Russia</p>
Reporting period	1 January 2009 – 30 June 2009
Previous reporting period	1 January 2008 – 30 June 2008

THE BOARD AND THE SUPERVISORY COUNCIL

Board of the Company

(In compliance with the election/dismissal dates)

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

<u>Name</u>	<u>Position</u>
Janis Romanovskis	Chairman of the Board
Vadims Rabsa	Board member
Lipmans Zeligmans	Board member

Supervisory Council of the Company

(In compliance with the election/dismissal dates)

Since 22 February 2008 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 February 2009 and 25 May 2009 (*Latvian Central Depository data*)

	01.02.2009.	25.05.2009.
	Investments in	Investments in
	percentage (%)	percentage (%)
Kirovs Lipmans	33.29	33.29
Anna Lipmane	16.69	16.69
Vitalijs Gavrilovs	11.30	11.30
<i>Swedbank AS Clients Account (AS Hansapank)</i> (titular holder)	9.40	8.93
<i>Skandinaviska Enskilda Banken</i> (titular holder)	8.48	8.90
<i>State Social Security Agency</i>	2.29	2.29
Other shareholders	18.55	18.60
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, manufacturing and sales of original products, generics and active pharmaceutical ingredients.

Group activity during accounting period

Turnover of the Group in the first half-year of 2009 reached 29.8 million lats which is by 2.1 million lats or 6.6% less than in the first half-year of 2008. Net profit, related to the shareholders of the holding company, in the accounting period amounted to 3.4 million lats, which has decreased by 32% in comparison with the first half-year of 2008.

In the first half-year of 2009 gross profit margin of the Group was 55%, whereas, net profit margin comprised – 11.6%. The products manufactured by the Group during the accounting period has been exported to 39 countries worldwide for the total amount of 28.4 million lats, which is by 2.3 million lats or 7.5% less than in the comparable accounting period of 2008.

Sales of final dosage forms

In the first half-year of 2009 the sales volume of “Grindeks” final dosage forms amounted to 27.3 million lats, which has decreased by 2.3 million lats or 7.8% as compared to the accounting period results of the previous year.

The total export volume of “Grindeks” to the CIS countries which are the main markets of final dosage forms amounted to 24.3 million lats in the first half-year of 2009. Taking into account the global economic recession affecting also the pharmacy sector, including Russia and the rest CIS countries, a general decline in demand for medications is observed. In spite of that, in the first half-year of 2009 the sales volume in the rest CIS countries remained at the level of 2008.

The sales volume in Russia in the first half-year of 2009 was by 2.3 million lats less than in the first half-year of 2008. The decrease was influenced by the fact that the Russian pharmaceutical company OJSC “Pharmstandard” became an exclusive distributor of Mildronate® in Russian Federation since February 2008 and purchased from “Grindeks” a remarkable amount of products to ensure safety stocks and to cope with the initial demand of the Russian pharmaceutical distribution network. It resulted in expansion of turnover increase in the preceding accounting period of 2008.

Additionally, devaluation of local currencies in Russia and some other CIS countries against the lats, whose value against euros remained fixed and maintained stability, had some influence on the sales dynamic of the final dosage medication forms in monetary terms in the first half-year of the 2009.

In the conditions of a tense economic situation the sales results in the Baltic States, as well as other European countries are positive by reaching the turnover of 3 million lats, which is by 6.5% more than in the first six months of the last year.

Sales of active pharmaceutical ingredients (API)

The main API export markets of “Grindeks” are Europe, Japan, the USA, Australia, Pakistan and India. In the first half-year of 2009, API exports reached 2.5 million lats, which is by 0.2 million lats or 8.7% more than in the first half-year of 2008. Management of the Group forecasts more than 15% growth for the API business in the 2009.

Since the beginning of 2009, JSC “Grindeks” have been supplying the active pharmaceutical ingredient oxytocin to Worldwide organization „PATH” (Program for Appropriate Technology in Health) project „Oxytocin in Uniject”. „Oxytocin in Uniject” innovative non-reusable injection device prefilled with a single dose of oxytocin, which has been developed as part of numerous global initiatives to reduce materially the postpartum hemorrhage in women, in general, in the developing countries.

Investment program

Overall planned investment volume of „Grindeks” in 2009 is 9 million lats.

In January 2009, the new final dosage forms plant was opened. This is the most considerable investment project in the history of the company. Expansion and modernization of the final dosage forms plant was carried out within two years and a total of 9.1 million lats have been invested in the plant, incl. 6.4 million lats in construction, 2.7 million lats in technical devices and equipment.

To ensure adequate environmental protection, in June 2009, "Grindeks" opened the new industrial sewage purification plant. The total investment volume amounted to 2.5 million lats.

Quality and environment protection

In the first half-year of 2009, several aspects of quality and environment protection in "Grindeks" plants have been successfully inspected by co-operation partners, environmental institutions, ISO, etc.

Development of "Grindeks" share price in the accounting period (data of "NASDAQ OMX Riga")

Since January 2, 2006 "Grindeks" shares have been listed in the Official list of "NASDAQ OMX Riga". In the first half-year of 2009 the share price of JSC "Grindeks" in "NASDAQ OMX Riga" fluctuated within limit of 1.55 lats and 3.03 lats. The total number of the company shares traded by "NASDAQ OMX Riga" in the first half-year of 2009 was 833 180 shares, whereas turnover amounted to 2.01 million lats. At the end of the first half-year of 2009 capitalization of "Grindeks" reached 28.7 million lats.



Profit per share, for the first half-year of 2009, amounted to 0.36 lats as compared to 0.53 lats during the same period in 2008.

Future perspectives

On the basis of clear activity principles of the company "Grindeks" will continue to work in order to increase value of the Group. "Grindeks" business model is focused on constant expansion in the existing and new, perspective markets, as well as wide diversification in comparison with similar pharmaceutical companies. By continuing development, strict control over the costs will be purposefully maintained.

On behalf of the Management:

Janis Romanovskis
Chairman of the Board
7 August 2009

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 17, are prepared in accordance with the accounting records and source documents, presenting fairly the financial position of the Group as of 30 June 2009 and the results of its operations and cash flows for the period of six-month ended 30 June 2009.

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 Management:



Janis Romanovskis
Chairman of the Board
7 August 2009

BALANCE SHEET

	30.06.2009. LVL	30.06.2008. LVL	30.06.2009. EUR	30.06.2008. EUR
ASSETS				
Non-current assets				
Intangible assets				
Software, patents, licenses, trademarks and other rights	411,404	379,214	585,375	539,573
Advance payments for intangible assets	103,663	25,000	147,499	35,572
Total intangible assets	515,067	404,214	732,874	575,145
Tangible fixed assets				
Land, buildings and constructions	13,989,544	6,262,039	19,905,328	8,910,079
Equipment and machinery	9,548,548	6,991,637	13,586,360	9,948,203
Other fixed assets	922,148	574,194	1,312,098	817,004
Advance payments for fixed assets	477,864	6,345,816	679,939	9,029,283
Konstruktion in progress	5,784,701	6,448,262	8,230,888	9,175,050
Total tangible fixed assets	30,722,805	26,621,948	43,714,613	37,879,619
Investment property	4,756,049	4,659,551	6,767,249	6,629,944
Non current financial investments				
Investment in associates	22,000	22,000	31,303	31,303
Other investments	1,026,597	105,421	1,460,716	150,001
Total long term financial investments	1,048,597	127,421	1,492,019	181,304
Total non current financial assets	37,042,518	31,813,134	52,706,755	45,266,012
Current assets				
Inventories				
Raw materials	3,204,135	1,913,072	4,559,073	2,722,056
Unfinished goods	1,912,177	1,651,975	2,720,783	2,350,549
Finished goods and goods for resale	5,291,169	3,854,108	7,528,655	5,483,902
Total inventory	10,407,481	7,419,155	14,808,511	10,556,507
Debtors				
Trade receivables	22,947,257	23,500,292	32,651,005	33,437,903
Other debtors	3,061,850	1,689,786	4,356,620	2,404,348
Deferred expenses	1,082,908	146,212	1,540,839	208,041
Total debtors	27,092,015	25,336,290	38,548,464	36,050,292
Cash and cash equivalents	391,466	487,846	557,006	694,142
Total current assets	37,890,962	33,243,291	53,913,981	47,300,941
TOTAL ASSETS	74,933,480	65,056,425	106,620,736	92,566,953

	30.06.2009.	30.06.2008.	30.06.2009.	30.06.2008.
	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	22,012,072	12,984,900	31,320,357	18,475,848
b) foreign currency revaluation	42,312	(10,814)	60,205	(15,385)
c) current year profit	3,446,938	5,028,373	4,904,551	7,154,730
Equity attributable to equity holders of the parent	51,238,977	43,740,114	72,906,496	62,236,576
Minority interest	53,392	52,199	75,970	74,272
Total equity	51,292,369	43,792,313	72,982,466	62,310,848
LIABILITIES				
Long-term liabilities				
Loans from credit institutions	4,471,843	5,341,010	6,362,859	7,599,573
Finance lease liabilities	1,560,077	1,034,242	2,219,790	1,471,594
Deferred income	1,209,953	1,333,986	1,721,608	1,898,091
Deferred tax liabilities	1,509,377	1,625,297	2,147,650	2,312,589
Total non-current liabilities	8,751,250	9,334,535	12,451,907	13,281,847
Current liabilities				
Loans from credit institutions	5,741,906	4,690,767	8,169,996	6,674,360
Finance lease liabilities	149,574	13,504	212,825	19,214
Advances from customers	25,829	56,863	36,751	80,909
Trade accounts payable	7,420,941	5,662,920	10,559,048	8,057,609
Taxes and social security liabilities	438,151	534,066	623,433	759,907
Other payables	547,335	663,842	778,787	944,562
Deferred income	62,837	62,426	89,409	88,824
Accrued liabilities	503,288	245,189	716,114	348,873
Total current liabilities	14,889,861	11,929,577	21,186,363	16,974,258
Total liabilities	23,641,111	21,264,112	33,638,270	30,256,105
TOTAL EQUITY AND LIABILITIES	74,933,480	65,056,425	106,620,736	92,566,953

STATEMENTS OF PROFIT AND LOSS

	2009	2008	2009	2008
	January - June LVL	January - June LVL	January - June EUR	January - June EUR
Net sales	29,775,944	31,876,038	42,367,351	45,355,516
Cost of goods sold	(13,404,847)	(13,379,779)	(19,073,379)	(19,037,710)
Gross profit	16,371,097	18,496,259	23,293,972	26,317,806
Selling expenses	(7,916,684)	(7,096,194)	(11,264,426)	(10,096,974)
Administrative expenses	(3,852,502)	(4,334,934)	(5,481,616)	(6,168,055)
Other operating income	1,024,392	684,631	1,457,577	974,140
Other operating expenses	(1,287,857)	(1,254,401)	(1,832,455)	(1,784,852)
Interest income and similar income	3,412	1,813	4,855	2,580
Interest expense and similar expense	(87,559)	(147,710)	(124,585)	(210,172)
Real estate tax	(40,941)	(44,239)	(58,254)	(62,946)
Profit before taxation	4,213,358	6,305,225	5,995,068	8,971,527
Corporate income tax	(767,138)	(1,277,136)	(1,091,539)	(1,817,201)
NET PROFIT FOR THE PERIOD	3,446,220	5,028,089	4,903,529	7,154,326
Attributable to:				
Equity holders of the parent	3,446,938	5,028,373	4,904,551	7,154,730
Minority interest	(718)	(284)	(1,022)	(404)
TOTAL	3,446,220	5,028,089	4,903,529	7,154,326
Earnings per share attributable equity holders of the parent (LVL per share)				
- Basic earnings per share	0.36	0.53	0.51	0.75
- Diluted earnings per share	0.36	0.53	0.51	0.75

STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserves	Foreign currency translation reserve	Accumulated (loss)/profit	Equity attributable to equity holders of the parent	Minority interest	Total
	LVL	LVL	LVL	LVL	LVL	LVL	LVL	LVL
As of 31.12.2008	9,585,000	15,687,750	464,905	(40,036)	22,012,072	47,709,691	54,110	47,763,801
Profit for the period	-	-	-	-	3,446,938	3,446,938	(718)	3,446,220
Foreign currency revaluation	-	-	-	82,348	-	82,348	-	82,348
As of 30.06.2009	9,585,000	15,687,750	464,905	42,312	25,459,010	51,238,977	53,392	51,292,369

	Share capital	Share premium	Other reserves	Foreign currency translation reserve	Accumulated (loss)/profit	Equity attributable to equity holders of the parent	Minority interest	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
As of 31.12.2008	13,638,226	22,321,657	661,500	(56,966)	31,320,357	67,884,774	76,992	67,961,766
Profit for the period	-	-	-	-	4,904,551	4,904,551	(1,022)	4,903,529
Foreign currency revaluation	-	-	-	117,171	-	117,171	-	117,171
As of 30.06.2009	13,638,226	22,321,657	661,500	60,205	36,224,908	72,906,496	75,970	72,982,466

STATEMENTS OF CASH FLOWS

	2009	2008	2009	2008
	January - June	January - June	January - June	January - June
	LVL	LVL	EUR	EUR
OPERATING ACTIVITIES				
Net profit before taxation	4,213,358	6,305,225	5,995,068	8,971,527
<i>Adjustments to reconcile net profit to net cash provided by operating activities:</i>				
<i>cash provided by operating activities:</i>				
Depreciation and amortisation	1,189,011	1,023,505	1,691,810	1,456,316
Loss / (gain) on disposal of fixed assets and intangible assets	(846)	21,222	(1,204)	30,196
Income from EU funding	(62,153)	(62,153)	(88,436)	(88,435)
Interest income	(3,412)	(1,813)	(4,855)	(2,580)
Interest expense	87,559	147,710	124,585	210,172
<i>Changes in operating assets and liabilities:</i>				
Inventory	(3,250,293)	(376,177)	(4,624,750)	(535,252)
Debtors	(7,519,080)	(7,272,252)	(10,698,687)	(10,347,482)
Creditors	4,612,380	834,782	6,562,827	1,187,787
Gross cash provided by operating activities	(733,476)	620,049	(1,043,642)	882,249
Corporate income tax paid	(719,211)	(406,664)	(1,023,345)	(578,630)
Net cash provided by (used in) operating activities	(1,452,687)	213,385	(2,066,987)	303,619
INVESTING ACTIVITIES				
Purchase of fixed assets and intangible assets	(1,290,927)	(5,063,943)	(1,836,823)	(7,205,342)
Proceeds from sale of fixed assets	-	350	-	498
Purchase of long term financial investments	(1,265,047)	-	(1,800,000)	-
Net cash used in investing activities	(2,555,974)	(5,063,593)	(3,636,823)	(7,204,844)
FINANCING ACTIVITIES				
Received loans from credit institutions	4,405,351	4,184,138	6,268,250	5,953,492
Repaid loans to credit institutions	(786,461)	(504,237)	(1,119,034)	(717,465)
Interest income	-	1,813	-	2,580
Interest paid	(87,559)	(147,710)	(124,585)	(210,172)
Net cash provided by financing activities	3,531,331	3,534,004	5,024,631	5,028,435
Net (decrease)/ increase in cash and cash equivalents	(477,330)	(1,316,204)	(679,179)	(1,872,790)
Cash and cash equivalents at the beginning of the period	868,796	1,804,050	1,236,185	2,566,932
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	391,466	487,846	557,006	694,142

NOTES

FINISHED GOODS AND GOOD FOR RESALE

	30.06.2009.	30.06.2008.	30.06.2009.	30.06.2008.
	LVL	LVL	EUR	EUR
Goods for sale	4,343,837	1,147,744	6,180,723	1,633,093
Self-manufactured and co-manufactured production	947,332	2,706,364	1,347,932	3,850,809
Total	5,291,169	3,854,108	7,528,655	5,483,902

OTHER DEBTORS

	30.06.2009.	30.06.2008.	30.06.2009.	30.06.2008.
	LVL	LVL	EUR	EUR
Tax receivables	370,174	607,143	526,710	863,887
Other	2,691,676	1,082,643	3,829,910	1,540,461
Total	3,061,850	1,689,786	4,356,620	2,404,348

CASH AND CASH EQUIVALENTS

	30.06.2009.	30.06.2008.	30.06.2009.	30.06.2008.
	LVL	LVL	EUR	EUR
Cash in bank	384,827	486,012	547,558	691,532
Cash on hand	6,619	1,834	9,418	2,610
Total	391,466	487,846	557,006	694,142

LOANS FROM CREDIT INSTITUTIONS

	30.06.2009.	30.06.2008.	30.06.2009.	30.06.2008.
	LVL	LVL	EUR	EUR
Credit line from JSC "Swedbank", Latvia	3,133,328	2,667,884	4,458,324	3,796,057
Credit line from JSC "SEB bank", Latvia	1,990,812	-	2,832,670	-
JSC "Swedbank", Latvia	316,263	151,834	450,002	216,040
JSC "Swedbank", Latvia	177,107	177,107	252,000	252,000
JSC "Swedbank", Latvia	124,396	13,955	177,000	19,856
Kreditlīnija no JSC "UnicreditBank Latvia"	-	1,584,406	-	2,254,407
JSC "UnicreditBank Latvija"	-	95,581	-	136,000
Current loans from credit institutions	5,741,906	4,690,767	8,169,996	6,674,360
JSC "Swedbank", Latvia	1,739,440	2,696,425	2,475,000	3,836,667
JSC "SEB bank", Latvia	1,325,611	1,271,214	1,886,175	1,808,775
JSC "Swedbank", Latvia	923,576	1,277,790	1,314,130	1,818,131
JSC "Swedbank", Latvia	483,216	-	687,554	-
JSC "UnicreditBank Latvia"	-	95,581	-	136,000
Non-current loans from credit institutions	4,471,843	5,341,010	6,362,859	7,599,573
Total	10,213,749	10,031,777	14,532,855	14,273,933

TAX LIABILITIES

	30.06.2009.	30.06.2008.	30.06.2009.	30.06.2008.
	LVL	LVL	EUR	EUR
Personal income tax	223,593	199,957	318,144	284,513
Social security payments	202,744	37,789	288,479	53,769
Corporate income tax	-	290,330	-	413,102
Other	11,814	5,990	16,810	8,523
Total	438,151	534,066	623,433	759,907

NET SALES

	2009	2008	2009	2008
	January -	January -	January -	January -
	June	June	June	June
	LVL	LVL	EUR	EUR
Russia	17,639,821	19,223,390	25,099,204	27,352,420
Other CIS countries	10,505,283	10,754,332	14,947,671	15,302,036
Other countries	2,869,682	2,390,814	4,083,190	3,401,822
Latvia	1,413,507	1,265,994	2,011,239	1,801,347
Lithuania	796,538	888,484	1,133,371	1,264,199
Estonia	522,904	515,612	744,025	733,650
Other income	19,490	149,392	27,732	212,565
Gross sales	33,767,225	35,188,018	48,046,432	50,068,039
Less discounts				
Russia	(3,054,813)	(2,217,260)	(4,346,607)	(3,154,877)
Other CIS countries	(795,478)	(927,045)	(1,131,863)	(1,319,066)
Other countries	(57,640)	(90,043)	(82,014)	(128,120)
Latvia	(12,753)	(34,551)	(18,146)	(49,162)
Lithuania	(23,521)	(31,263)	(33,467)	(44,483)
Estonia	(47,076)	(11,818)	(66,984)	(16,815)
Discounts total	(3,991,281)	(3,311,980)	(5,679,081)	(4,712,523)
Total, net	29,775,944	31,876,038	42,367,351	45,355,516

COST OF GOODS SOLD

	2009	2008	2009	2008
	January -	January -	January -	January -
	June	June	June	June
	LVL	LVL	EUR	EUR
Raw materials and packing	4,508,180	5,187,943	6,414,562	7,381,778
Goods purchased for resale	3,648,791	3,640,486	5,191,762	5,179,945
Direct labour and social security payments	3,336,727	3,127,060	4,747,735	4,449,406
Research costs	1,159,264	1,269,788	1,649,484	1,806,746
Depreciation of fixed assets and amortization of intangible assets	845,814	707,888	1,203,485	1,007,234
Electricity resource expenses	589,097	391,942	838,210	557,683
Machinery, buildings and equipment repairs	354,265	355,628	504,074	506,013
Household expenses	113,254	107,089	161,146	152,374
Transport	55,284	56,323	78,662	80,140
Rent of work clothing	54,348	43,074	77,330	61,289
Waste disposal	34,016	35,831	48,400	50,983
Other	499,553	925,502	710,800	1,316,869
Internal turnover of self-manufactured raw materials	(1,793,746)	(2,468,775)	(2,552,271)	(3,512,750)
Total	13,404,847	13,379,779	19,073,379	19,037,710

SELLING AND DISTRIBUTION COSTS

	2009 January - June LVL	2008 January - June LVL	2009 January - June EUR	2008 January - June EUR
Advertising	4,317,919	3,430,403	6,143,845	4,881,024
Expenses of representative offices	1,016,709	1,288,702	1,446,647	1,833,658
Salaries and social security payments	943,445	531,079	1,342,401	755,657
Patents	278,827	341,523	396,735	485,943
Distribution expenses for goods	242,996	283,207	345,752	402,967
Registration costs for medicine	179,864	140,709	255,923	200,211
Depreciation of fixed assets and amortisation of intangible assets	117,839	97,534	167,670	138,778
Commissions	85,306	109,748	121,380	156,157
Freight insurance	22,831	27,078	32,486	38,529
Other	710,948	846,211	1,011,587	1,204,050
Total	7,916,684	7,096,194	11,264,426	10,096,974

ADMINISTRATIVE EXPENSES

	2009 January - June LVL	2008 January - June LVL	2009 January - June EUR	2008 January - June EUR
Salaries and social security payments	1,906,409	2,316,548	2,712,576	3,296,151
Depreciation of fixed assets and amortisation of intangible assets	194,165	218,083	276,272	310,304
Personnel training and hiring expenses	154,808	77,781	220,272	110,672
Security costs	132,469	135,108	188,486	192,241
Employee insurance	106,759	86,361	151,904	122,881
Electricity	98,814	85,785	140,600	122,061
Transport	91,531	94,614	130,237	134,624
Computers maintenance	63,107	76,295	89,793	108,558
Business trips	42,210	47,785	60,059	67,992
Professional services	37,369	31,217	53,171	44,418
Bank charges	34,099	38,264	48,519	54,445
Communication expense	20,784	19,307	29,573	27,471
Property and liability insurance	16,278	26,187	23,162	37,261
Other	953,700	1,081,599	1,356,992	1,538,976
Total	3,852,502	4,334,934	5,481,616	6,168,055

Currency exchange for the EUR – 0.702804

JSC “Grindeks” hereby informs that there were no changes made in its accounting policy in 2009. In non-audited financial accounts for the period January - June 2009 the Group has employed the same Accounting and Consolidation Principles as in the audited consolidated financial accounts for the year 2008, released on April 24, 2009.

Chairman of the Board

Janis Romanovskis