

Grindex

Joint Stock Company “Grindeks”

*Non-audited consolidated financial statements
for the periods ended 30 September 2009 and
30 September 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	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 2009 – 30 September 2009
Previous reporting period	1 January 2008 – 30 September 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>	<u>Ownership interest (%)*</u>
Janis Romanovskis	Chairman of the Board	0.08
Vadims Rabsa	Board member	0.00
Lipmans Zeligmans	Board member	0.00

**Latvian Central Depository data as of 25 May 2009*

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>	<u>Ownership interest (%)*</u>
Kirovs Lipmans	Chairman of the Supervisory Council	33.29
Vitalijs Gavrilovs	Vice-Chairman of the Supervisory Council	11.30
Uldis Osis	Member of the Supervisory Council	0.00
Janis Naglis	Member of the Supervisory Council	0.00
Anna Lipmane	Member of the Supervisory Council	16.69

**Latvian Central Depository data as of 25 May 2009*

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</i> (nominal account)	9.40	8.93
<i>Skandinaviska Enskilda Banken</i> (nominal account)	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

The Group’s turnover during the first nine months amounted to 38.55 million lats, which is 8.4 million lats or 17.9% less than in the first nine months of 2008. The net profit of “Grindeks” Group amounted to 1.74 million lats, which has decreased by 77.3% in comparison with the first nine months of 2008. Large-scale investments during the first nine months of 2009 have influenced the total depreciation and amortisation, which has increased by 17% as a result of in comparison with reporting period of 2008 and reduced the net profit.

In the first nine months of 2009 gross profit margin of the Group was 49.8%, whereas, net profit margin comprised – 4.5%. The products manufactured by the Group during the accounting period has been exported to 43 countries worldwide for the total amount of 36.6 million lats, which is by 8.5 million lats or 18.8% less than in the comparable accounting period of 2008.

Sales of final dosage forms

In the first nine months of 2009 the sales volume of “Grindeks” final dosage forms amounted to 34.75 million lats, which is by 8.5 million lats or 19.7% less than in the comparable accounting period of 2008. Export volume to CIS countries, except Russia, was 12.8 million lats.

Summer months traditionally are less profitable for pharmaceutical companies, moreover our results have also been affected by the recession in the global economy – devaluation of local currencies in Russia and some other CIS countries and general decline in demand for medications. In the third quarter the sales of final dosage forms have decreased considerably in Belarus, Kazakhstan and Russia. In response to the changeable market situation, we have been purposefully strengthening our marketing and sales activities and can already see positive results in October figures of Russia and Kazakhstan. Unfortunately there are no changes in Belarus where State’s reserves of international currency have been reduced and strict control of medications’ import continues.

In the conditions of a tense economic situation the sales results in the Baltic States, as well as other European countries were 4.3 million lats and remained at the level of the first nine months of 2008.

Difficulties to pharmaceutical companies and overall pharmaceutical market are also defied by the tendency of distributors to minimize stocks and to postpone previously agreed terms of purchase.

Sales of active pharmaceutical ingredients

The main export markets of active pharmaceutical ingredients are Europe, Japan, the USA, Australia, Pakistan and India. In the nine months of 2009, active pharmaceutical ingredients exports reached 3.8 million lats, which is by 2.7% more than in the first nine months of 2008.

The multi-degree and long-term cooperation agreement was concluded between “Grindeks” and German pharmaceutical company “Marenis Pharma”. Therefore “Grindeks” has introduced the new active pharmaceutical ingredient (API) ursodeoxycholic acid (UDCA), which is used for production of final dosage forms in the treatment of hepatic and gallstone diseases.

Investment program

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.

In order to ensure regular development and manufacturing of the UDCA, “Grindeks” has started construction of a new manufacturing unit with investment of almost 6 million lats.

Quality and environmental protection

In the first nine months of 2009, several aspects of quality and environment protection in “Grindeks” plants have been successfully inspected by co-operation partners, environmental institutions.

In order to renew and extend the validity of ISO 9001 and ISO 14001 certificates the audits were carried out successfully. Active Pharmaceutical Ingredients Committee (APIC) has assured that active pharmaceutical ingredients – Oxytocin, Droperidol and Ksilazin are manufactured in „Grindeks” according to the EU GMP Guidelines.

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 nine months of 2009 the share price of JSC “Grindeks” in “NASDAQ OMX Riga” fluctuated tithing limit of 1.55 lats and 5.09 lats. The total number of the company shares traded by “NASDAQ OMX Riga” in the first nine months of 2009 was 975,653 shares, whereas turnover amounted to 2.6 million lats. At the end of the first nine months of 2009 capitalization of “Grindeks” reached 45.5 million lats.



Profit per share, for the first nine months of 2009, amounted to 0.18 lats as compared to 0.80 lats during the same period in 2008.

Future perspectives

In order to manage pharmaceutical business effectively and to minimize the risks occurred by the global economic downturns, we continue the optimization of manufacturing process and resources. We put efforts in strict control and reduction over the costs, as well as manufacturing capacity.

We keep the focus on wide diversification of „Grindeks” business:

- expanding the product portfolio;
- strengthening sales activities in existing markets;
- registration of medications in new and perspective markets;
- providing contract manufacturing services.

On behalf of the Management:

Janis Romanovskis
Chairman of the Board
9 November 2009

STATEMENT OF BOARD`S RESPONSIBILITIES

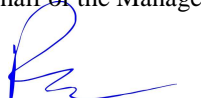
The Board of JSC "Grindex" (hereinafter - the Company) is bearing the responsibility for preparation of the consolidated interim financial statements of the Company and its subsidiaries (hereinafter the Group). Independent auditors have not audited interim financial statements of the Group.

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 September 2009 and the results of its operations and cash flows for the period of nine-month ended 30 September 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
9 November 2009

BALANCE SHEET

	30.09.2009. LVL	30.09.2008. LVL	30.09.2009. EUR	30.09.2008. EUR
ASSETS				
Non-current assets				
Intangible assets				
Software, patents, licenses, trademarks and other rights	383,041	347,934	545,018	495,065
Advance payments for intangible assets	129,363	25,000	184,067	35,572
Total intangible assets	512,404	372,934	729,085	530,637
Tangible fixed assets				
Land, buildings and constructions	13,894,371	6,217,815	19,769,909	8,847,154
Equipment and machinery	9,215,198	6,810,836	13,112,045	9,690,947
Other fixed assets	874,391	567,708	1,244,146	807,776
Advance payments for fixed assets	1,966,314	6,663,102	2,797,813	9,480,739
Construction in progress	5,808,455	8,540,382	8,264,688	12,151,869
Total tangible fixed assets	31,758,729	28,799,843	45,188,601	40,978,485
Investment property	4,752,091	4,659,551	6,761,616	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	38,071,821	33,959,749	54,171,321	48,320,370
Current assets				
Inventories				
Raw materials	3,263,859	2,502,774	4,644,053	3,561,127
Unfinished goods	1,748,791	1,706,046	2,488,305	2,427,485
Finished goods and goods for resale	6,396,989	2,755,164	9,102,096	3,920,245
Total inventory	11,409,639	6,963,984	16,234,454	9,908,857
Debtors				
Trade receivables	18,782,482	18,943,849	26,725,064	26,954,669
Other debtors	3,945,575	2,611,576	5,614,047	3,715,937
Other investments	376,093	-	535,132	-
Deferred expenses	787,009	90,284	1,119,813	128,463
Total debtors	23,891,159	21,645,709	33,994,056	30,799,069
Cash and cash equivalents	80,615	597,248	114,705	849,807
Total current assets	35,381,413	29,206,941	50,343,215	41,557,733
TOTAL ASSETS	73,453,234	63,166,690	104,514,536	89,878,103

	30.09.2009.	30.09.2008.	30.09.2009.	30.09.2008.
	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	18,475,849
b) foreign currency revaluation	39,571	(8,633)	56,305	(12,284)
c) current year profit	1,742,145	7,652,043	2,478,849	10,887,876
Equity attributable to equity holders of the parent	49,531,443	46,365,965	70,476,894	65,972,824
Minority interest	54,032	52,528	76,881	74,741
Total equity	49,585,475	46,418,493	70,553,775	66,047,565
LIABILITIES				
Long-term liabilities				
Loans from credit institutions	4,471,843	5,482,333	6,362,859	7,800,657
Finance lease liabilities	1,560,077	1,286,858	2,219,790	1,831,034
Deferred income	1,209,953	1,333,986	1,721,608	1,898,091
Deferred tax liabilities	1,509,439	1,625,297	2,147,738	2,312,589
Total non-current liabilities	8,751,312	9,728,474	12,451,995	13,842,371
Current liabilities				
Loans from credit institutions	6,243,833	376,631	8,884,174	535,898
Finance lease liabilities	65,722	24,090	93,514	34,277
Advances from customers	7,588	37,294	10,797	53,065
Trade accounts payable	7,395,817	4,619,315	10,523,300	6,572,693
Taxes and social security liabilities	376,904	795,654	536,286	1,132,114
Other payables	498,651	890,201	709,515	1,266,641
Deferred income	37,358	31,349	53,156	44,606
Accrued liabilities	490,574	245,189	698,024	348,873
Total current liabilities	15,116,447	7,019,723	21,508,766	9,988,167
Total liabilities	23,867,759	16,748,197	33,960,761	23,830,538
TOTAL EQUITY AND LIABILITIES	73,453,234	63,166,690	104,514,536	89,878,103

STATEMENTS OF PROFIT AND LOSS

	2009 January- September LVL	2008 January- September LVL	2009 January- September EUR	2008 January- September EUR
Net sales	38,549,507	46,950,089	54,851,007	66,803,958
Cost of goods sold	(19,355,238)	(20,229,429)	(27,540,023)	(28,783,884)
Gross profit	19,194,269	26,720,660	27,310,984	38,020,074
Selling expenses	(10,782,343)	(10,277,952)	(15,341,892)	(14,624,208)
Administrative expenses	(5,306,224)	(6,231,984)	(7,550,077)	(8,867,314)
Other operating income	861,769	1,110,106	1,226,187	1,579,539
Other operating expenses	(1,501,453)	(1,560,407)	(2,136,375)	(2,220,260)
Interest income and similar income	4,899	806	6,971	1,147
Interest expense and similar expense	(143,755)	(189,792)	(204,545)	(270,050)
Real estate tax	(61,260)	(65,570)	(87,165)	(93,298)
Profit before taxation	2,265,902	9,505,867	3,224,088	13,525,630
Corporate income tax	(523,835)	(1,853,779)	(745,350)	(2,637,690)
NET PROFIT FOR THE PERIOD	1,742,067	7,652,088	2,478,738	10,887,940
Attributable to:				
Equity holders of the parent	1,742,145	7,652,043	2,478,849	10,887,876
Minority interest	(78)	45	(111)	64
TOTAL	1,742,067	7,652,088	2,478,738	10,887,940
Earnings per share attributable equity holders of the parent (LVL per share)				
- Basic earnings per share	0.18	0.80	0.26	1.14
- Diluted earnings per share	0.18	0.80	0.26	1.14

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	-	-	-	-	1,742,145	1,742,145	(78)	1,742,067
Foreign currency revaluation	-	-	-	79,607	-	79,607	-	79,607
As of 30.09.2009	9,585,000	15,687,750	464,905	39,571	23,754,217	49,531,443	54,032	49,585,475

	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	-	-	-	-	2,478,849	2,478,849	(111)	2,478,738
Foreign currency revaluation	-	-	-	113,271	-	113,271	-	113,271
As of 30.09.2009	13,638,226	22,321,657	661,500	56,305	33,799,206	70,476,894	76,881	70,553,775

STATEMENTS OF CASH FLOWS

	2009 January- September LVL	2008 January- September LVL	2009 January- September EUR	2008 January- September EUR
OPERATING ACTIVITIES				
Net profit before taxation	2,265,902	9,505,867	3,224,088	13,525,630
<i>Adjustments to reconcile net profit to net cash provided by operating activities:</i>				
Depreciation and amortisation	1,864,263	1,534,630	2,652,607	2,183,582
Loss / (gain) on disposal of fixed assets and intangible assets	(752)	21,222	(1,070)	30,196
Income from EU funding	(93,914)	(96,666)	(133,628)	(137,543)
Interest income	(4,899)	(806)	(6,971)	(1,147)
Interest expense	143,755	189,792	204,545	270,050
<i>Changes in operating assets and liabilities:</i>				
Inventory	(4,252,451)	78,994	(6,050,693)	112,398
Debtors	(4,318,224)	(3,581,671)	(6,144,279)	(5,096,259)
Creditors	4,976,506	792,247	7,080,931	1,127,266
Gross cash provided by operating activities	580,186	8,443,609	825,530	12,014,173
Interest income	4,899	-	6,971	-
Corporate income tax paid	(1,115,046)	(795,515)	(1,586,568)	(1,131,916)
Net cash provided by (used in) operating activities	(529,961)	7,648,094	(754,067)	10,882,257
INVESTING ACTIVITIES				
Purchase of fixed assets and intangible assets	(2,970,238)	(7,946,399)	(4,226,268)	(11,306,707)
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	(4,235,285)	(7,946,049)	(6,026,268)	(11,306,209)
FINANCING ACTIVITIES				
Received loans from credit institutions	5,201,402	2,976,925	7,400,928	4,235,783
Repaid loans to credit institutions	(1,080,585)	(3,696,786)	(1,537,532)	(5,260,053)
Interest income	-	806	-	1,147
Interest paid	(143,752)	(189,792)	(204,541)	(270,050)
Net cash provided by financing activities	3,977,065	(908,847)	5,658,855	(1,293,173)
Net (decrease)/ increase in cash and cash equivalents	(788,181)	(1,206,802)	(1,121,480)	(1,717,125)
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	80,615	597,248	114,705	849,807

NOTES

OTHER DEBTORS

	30.09.2009.	30.09.2008.	30.09.2009.	30.09.2008.
	LVL	LVL	EUR	EUR
Tax receivables	1,013,713	477,819	1,442,384	679,875
Other	2,931,862	2,133,757	4,171,663	3,036,062
Total	3,945,575	2,611,576	5,614,047	3,715,937

CASH AND CASH EQUIVALENTS

	30.09.2009.	30.09.2008.	30.09.2009.	30.09.2008.
	LVL	LVL	EUR	EUR
Cash in bank	71,135	586,933	101,216	835,130
Cash on hand	9,480	10,315	13,489	14,677
Total	80,615	597,248	114,705	849,807

LOANS FROM CREDIT INSTITUTIONS

	30.09.2009.	30.09.2008.	30.09.2009.	30.09.2008.
	LVL	LVL	EUR	EUR
Credit line from JSC "Swedbank", Latvia	3,413,740	-	4,857,314	-
Credit line from JSC "SEB bank", Latvia	2,506,451	-	3,566,358	-
JSC "Swedbank", Latvia	158,131	151,834	225,000	216,040
JSC "Swedbank", Latvia	88,554	88,554	126,001	126,001
JSC "Swedbank", Latvia	76,957	60,091	109,500	85,503
JSC "UnicreditBank Latvia"	-	47,791	-	68,000
Credit line from JSC "UnicreditBank Latvia"	-	28,361	-	40,354
Current loans from credit institutions	6,243,833	376,631	8,884,173	535,898
JSC "Swedbank", Latvia	1,739,440	2,378,260	2,475,000	3,383,959
JSC "Swedbank", Latvia	923,576	1,277,790	1,314,130	1,818,131
JSC "Swedbank", Latvia	483,216	405,091	687,554	576,392
JSC "SEB bank", Latvia	1,325,611	1,325,611	1,886,175	1,886,175
JSC "UnicreditBank Latvia"	-	95,581	-	136,000
Non-current loans from credit institutions	4,471,843	5,482,333	6,362,859	7,800,657
Total	10,715,676	5,858,964	15,247,032	8,336,555

TAX LIABILITIES

	30.09.2009. LVL	30.09.2008. LVL	30.09.2009. EUR	30.09.2008. EUR
Social security payments	219,159	191,585	311,835	272,601
Personal income tax	140,474	117,192	199,876	166,749
Corporate income tax	668	430,487	950	612,528
Other	16,603	56,390	23,625	80,236
Total	376,904	795,654	536,286	1,132,114

NET SALES

	2009 January- September LVL	2008 January- September LVL	2009 January- September EUR	2008 January- September EUR
Russia	20,763,342	27,791,726	29,543,574	39,544,063
Other CIS countries	13,875,353	16,114,305	19,742,849	22,928,590
Other countries	4,282,869	3,587,092	6,093,974	5,103,972
Latvia	2,025,641	2,000,709	2,882,227	2,846,752
Lithuania	1,228,133	1,262,026	1,747,476	1,795,701
Estonia	759,166	789,434	1,080,196	1,123,263
Other income	20,429	470,139	29,067	668,949
Gross sales	42,954,933	52,015,431	61,119,363	74,011,290
Less discounts				
Russia	(3,190,990)	(3,424,717)	(4,540,370)	(4,872,933)
Other CIS countries	(1,025,150)	(1,378,816)	(1,458,657)	(1,961,878)
Latvia	(73,115)	(143,565)	(104,033)	(204,275)
Lithuania	(35,104)	(47,894)	(49,948)	(68,147)
Estonia	(28,585)	(49,382)	(40,673)	(70,264)
Other countries	(52,482)	(20,968)	(74,675)	(29,835)
Discounts total	(4,405,426)	(5,065,342)	(6,268,356)	(7,207,332)
Total, net	38,549,507	46,950,089	54,851,007	66,803,958

COST OF GOODS SOLD

	2009 January- September LVL	2008 January- September LVL	2009 January- September EUR	2008 January- September EUR
Goods purchased for resale	4,722,674	4,943,493	6,719,760	7,033,957
Direct labour and social security payments	5,016,241	4,971,632	7,137,468	7,073,995
Raw materials and packing	6,150,243	7,772,630	8,751,007	11,059,456
Research costs	1,891,300	1,952,590	2,691,077	2,778,285
Depreciation of fixed assets and amortization of intangible assets	1,349,669	1,061,836	1,920,406	1,510,857
Electricity resource expenses	743,643	519,177	1,058,109	738,722
Machinery, buildings and equipment repairs	480,794	589,171	684,108	838,315
Household expenses	166,611	158,451	237,066	225,455
Transport	131,336	83,995	186,874	119,514
Rent of work clothing	79,142	64,842	112,609	92,262
Waste disposal	45,592	53,409	64,872	75,994
Other	626,122	925,721	890,892	1,317,183
Internal turnover of self-manufactured raw materials	(2,048,129)	(2,867,518)	(2,914,225)	(4,080,111)
Total	19,355,238	20,229,429	27,540,023	28,783,884

SELLING AND DISTRIBUTION COSTS

	2009 January- September LVL	2008 January- September LVL	2009 January- September EUR	2008 January- September EUR
Advertising	5,642,231	5,058,594	8,028,171	7,197,731
Expenses of representative offices	1,483,032	1,921,093	2,110,164	2,733,469
Salaries and social security payments	1,347,596	809,877	1,917,456	1,152,351
Distribution expenses for goods	486,873	395,896	692,758	563,309
Registration costs for medicine	388,110	222,077	552,231	315,987
Patents	331,330	445,549	471,440	633,959
Depreciation of fixed assets and amortisation of intangible assets	182,149	150,437	259,175	214,053
Commissions	103,561	122,326	147,354	174,054
Freight insurance	21,165	36,480	30,115	51,906
Other	796,296	1,115,623	1,133,028	1,587,389
Total	10,782,343	10,277,952	15,341,892	14,624,208

ADMINISTRATIVE EXPENSES

	2009 January- September LVL	2008 January- September LVL	2009 January- September EUR	2008 January- September EUR
Salaries and social security payments	2,675,500	3,208,962	3,806,894	4,565,942
Depreciation of fixed assets and amortisation of intangible assets	289,032	310,049	411,255	441,160
Personnel training and hiring expenses	227,151	93,782	323,207	133,440
Security costs	184,381	201,347	262,351	286,491
Employee insurance	164,915	129,579	234,653	184,374
Transport	138,507	147,518	197,078	209,899
Electricity	119,760	126,029	170,403	179,323
Computers maintenance	88,580	108,312	126,038	154,114
Business trips	57,736	57,789	82,151	82,226
Professional services	54,218	47,638	77,145	67,783
Bank charges	49,107	53,829	69,873	76,592
Communication expense	30,418	27,208	43,281	38,713
Property and liability insurance	27,783	44,662	39,532	63,548
Other	1,199,136	1,675,280	1,706,216	2,383,709
Total	5,306,224	6,231,984	7,550,077	8,867,314

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 - September 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