

Grindex

Joint Stock Company “Grindeks”

*Non-audited consolidated financial statements
for the periods ended 30 June 2010
and 30 June 2009
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
Associate	Biznesa centrs „Zakusala” Ltd. (22%)
Reporting period	1 January 2010 – 30 June 2010
Previous reporting period	1 January 2009 – 30 June 2009

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	0.03
Lipmans Zeligmans	Member of the Board	0.00
Vadims Rabsa	Member of the Board	0.00

**Latvian Central Depository data as of 1 July 2010*

Janis Romanovskis - Chairman of the Board

Born in 1960. Graduated from the Faculty of Economics of the University of Latvia. Has been employed at JSC "Grindeks" since 2003, having previously performed the duties of the Chief Finance and Administrative Officer, as well as being the Member of the Board. Prior to this he worked as the Chief Finance Officer at "Komercentrs Dati grupa" Ltd. Simultaneously J.Romanovskis is also the Member of the Council of JSC "Kalceks" and JSC "Tallinn pharmaceutical plant".

Lipmans Zeligmans - Member of the Board, Director of Final Dosage Forms Manufacturing unit

Born in 1947. Graduated from the Faculty of Chemistry of the Riga Polytechnic Institute. Has been employed at JSC "Grindeks" since 1992, having previously worked in the experimental factory of the Institute of Organic Synthesis of the Latvian Academy of Sciences. Simultaneously L.Zeligmans is also the Chairman of the Board of JSC "Kalceks" and the Member of the Council of JSC "Tallinn pharmaceutical plant".

Vadims Rabsa - Member of the Board, Chief Finance and Administrative Officer

Born in 1976. Graduated from the Stockholm School of Economics in Riga where he studied Economics and Business. Has been employed at JSC "Grindeks" since 2007. Previously was employed at "Exigen Services" Ltd., holding the post of the Chief Finance Officer, as well as the position of the Deputy Chairman of the Board at JSC "DATI Exigen Group". V.Rabsa also worked at JSC "Latvijas Balzāms" as the Chief Finance Officer.

Supervisory Council of the Company

(In compliance with the election/dismissal dates)

Since 22 February 2008 to 13 April 2010

<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*

Since 13 April 2010 to 25 May 2010:

<u>Name</u>	<u>Position</u>	<u>Ownership interest (%)*</u>
Kirovs Lipmans	Chairman of the Supervisory Council	33.29
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 1 July 2010*

Since 25 May 2010 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
Anna Lipmane	Vice-Chairman of the Supervisory Council	16.69
Uldis Osis	Member of the Supervisory Council	0.00
Janis Naglis	Member of the Supervisory Council	0.00
Ivars Kalvins	Member of the Supervisory Council	0.18

**Latvian Central Depository data as of 1 July 2010*

Kirovs Lipmans - Chairman of the Council

Born in 1940. Kirovs Lipmans has been the Chairman of the Council of “Grindeks” since 2003. From 1996 to 2002 he was the Chairman of the Council of JSC “Liepājas Eļļas rūpnīca” and JSC “Liepājas Metalurģis”. Simultaneously K.Lipmans is also the President of the Latvian Hockey Federation, the Member of the Executive Committee of the Latvian Olympic Committee, the Chairman of the Board of “Liplats 2000” Ltd. and the Chairman of the Council of JSC “Kalceks” and JSC “Tallinn pharmaceutical plant”. Graduated from the Leningrad Institute of Railway and Transport Engineering, also the Faculty of Economics of the University of Latvia, obtaining degree as an Engineer-Economist. K.Lipmans is also one of the major shareholders of “Grindeks”.

Anna Lipmane - Deputy Chairman of the Council

Born in 1948. Anna Lipmane has been the Member of the Council of “Grindeks” since 2008. A.Lipmane is certified doctor-neurologist and the Member of the Latvian Medical Association, the Latvian Association of Internists, Latvian Association of Cardiologists and the Latvian Association of Neurologists. A.Lipmane is one of the major shareholders of “Grindeks”.

Uldis Osis - Member of the Council

Born in 1948. Uldis Osis has worked in the Council of “Grindeks” since 2002. Besides the position at “Grindeks”, U.Osis is also the President of “Konsorts” Ltd.. U.Osis has graduated from the Faculty of Economics of the Leningrad State University, also the post graduate studies of the Construction Economics Research Institute of the USSR Construction Committee, obtaining a diploma of the Candidate of Economics Science.

Janis Naglis - Member of the Council

Born in 1958. Janis Naglis has been the Member of the Council of “Grindeks” since 2002. Simultaneously to the job responsibilities in JSC “Grindeks” J.Naglis is also the General Director of “Islande Hotel” Ltd., the Director of „Jānis Naglis” Ltd., the Chairman of the Board of „Purvciema mājas” Ltd., „Imantas mājas” Ltd., „Kembi” Ltd., the Member of the Board of „Puzes karjers” Ltd., „JA GRS” Ltd., „Kauguru priedes” Ltd., „Arsan” Ltd., „Nordic bioenergy” Ltd., „Kempings Gauja” Ltd., „Baltic TAXI” Ltd. As well as he is the President of the Association of Hotels and Restaurants of Latvia and the Latvian Auto Federation, the Member of the Board of the Latvian Sports for All Association and the Member of the Council of the Employers’ Confederation of Latvia. J.Naglis has graduated from Riga Polytechnic institute with qualification Engineer-Mechanic.

Ivars Kalvins - Member of the Council

Born in 1947. Professor Ivars Kalvins has been the Director, the Head of the Medical Chemistry Department and of the Chemistry Laboratory of Carbofunctional Combinations in the Institute of Organic Synthesis of Latvia (IOS) since 2003. Previously professor I.Kalvins was the Deputy Director of IOS. From 2006 to 2008 he was the Member of the Supervisory Board of JSC “Grindeks”. Professor I.Kalvins is one of the best known scientists in Latvia, Dr. habil. chem., the Member of the Latvian Academy of Science, has received several awards. Professor I.Kalvins is involved in different professional and nongovernmental organizations.

MAJOR SHAREHOLDERS

The shareholders (above 5%) as of 17 May 2010 and 1 July 2010 were as follows (*Latvian central Depository* data):

	Ownership interest (%) 17.05.2010.	Ownership interest (%) 01.07.2010.
Kirovs Lipmans	33.29	33.29
Anna Lipmane	16.69	16.69
OJSC <i>Pharmstandard</i>	11.38	11.38
<i>Skandinaviska Enskilda banken</i>	10.22	10.04
<i>Swedbank AS Clients Account</i>	6.17	6.57

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 Apsaimniekosanas 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’s activity during reporting period

In the first half of the year 2010 turnover of the Group amounted to 32.1 million lats, which is by 2.3 million lats or 7.7% more than in the first half-year of 2009. In its turn, net profit of the Group related to the shareholders of the holding company amounted to 4.1 million lats in the reporting period, which is by 0.7 million lats or 20.6% more compared with the first six months of 2009.

In the first half-year of 2010 gross profit margin of the Group was 56.4%, whereas, net profit margin comprised 12.8%. Products of the Group, manufactured during the reporting period, were exported to 47 states worldwide for the total amount of 30.5 million lats.

Sales of final dosage forms

Sales volume of the final dosage forms of “Grindeks” amounted to 27.9 million lats in the first half-year of 2010, which is by 0.6 million lats or 2.2% more comparing to the results of the first half-year of the previous year. In the first half-year of 2010 amount of “Grindeks” final dosage forms exports to the main markets - Russia, other CIS countries and Georgia - comprised 24.4 million lats. In its turn, turnover of the final dosage forms to the Baltic States and other European countries reached 3.5 million lats.

Sales of active pharmaceutical ingredients

The main export markets for active pharmaceutical ingredients of “Grindeks” (hereinafter referred to as “APIs”) are Europe, Japan, the USA, Australia, Pakistan and India. In the first half-year of 2010, the APIs realisation reached 4.2 million lats, which is by 1.7 million lats or 68% more than in the first half-year of 2009.

Investment program

In order to ensure regular development and manufacturing of the ursodeoxycholic acid API, “Grindeks” has started construction of a new manufacturing unit in the middle of 2009. It is planned to invest almost 6 million lats in the project in total and for its implementation “Grindeks” has signed agreement with the Investment and Development Agency of Latvia on co-financing of 2.8 million lats from the European Regional Development Fund.

Quality and environmental protection

In the first half-year of 2010 “Grindeks” successfully passed several significant inspections and audits by clients and institutions, including, the inspection of food supplement production by the Belarus State Food and Veterinary Service, audits of the API production by clients from several European Union countries and Japan. In its turn, “Grindeks” specialists audited and participated in the technology implementation process in Lithuania, Germany and Slovakia. In July inspections by the Latvian and Lithuanian State Agencies of Medicines confirmed the new anti-cancer medication production unit’s conformity with the Good Manufacturing Practice standard. “Grindeks” successfully passed also the Complex Inspection, in which the national supervisory authorities examined observance of the working environment, fire safety and civil protection regulations.

Development of “Grindeks” share price in the first half-year of 2010 (Data of “NASDAQ OMX Riga”)

Since 2 January 2006 “Grindeks” shares are listed in the Official list of “NASDAQ OMX Riga”. Fluctuation of “Grindeks” share price on “NASDAQ OMX Riga” during the first half-year of 2010 was within the limits from 3.69 lats to 6.45 lats per share. In the first half-year of 2010 the average price of “Grindeks” shares was 5.41 lats. Total quantity of “Grindeks” shares, traded in “NASDAQ OMX Riga” during the first half-year of 2010, was 276 023 shares, reaching the turnover of 1.5 million lats. As of 30 June 2010 the market capitalization of “Grindeks” shares was 53.7 million lats.



The Group's earnings per share (EPS ratio) during the first half-year of 2010 amounted to 0.43 lats as compared with 0.36 lats during the first half-year of 2009.

Future expectations

To effectively organize the diverse pharmaceutical business and to achieve the business goals, "Grindeks" tactics is:

- flexible approach in the changing market situation;
- cooperation with the secure business partners in every separate market;
- strict control of expenses, as well as optimization of manufacturing and resources;
- determined diversification of business actions:
 - introduction of new products;
 - entrance into new markets;
 - increase of production capacity, offering manufacturing services to other companies;
- investments for future – new business projects, research, development of medications.

More and more purposefully "Grindeks" focuses on the development of new original as well as generic medications, which is confirmed by closer cooperation with the Latvian Institute of Organic Synthesis.

The main markets for "Grindeks" are the Baltic States, Russia and the other CIS countries; however "Grindeks" extends its activities in the regions of Eastern Europe, the Balkans, and the Scandinavia and has started to export the final dosage forms to Romania, Slovakia, Albania, Kosovo, Sweden and Finland.

On behalf of the Group's Management:

Janis Romanovskis
Chairman of the Board
26 August 2010

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 10 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 2010 and the results of its operations and cash flows for the period of six-month ended 30 June 2010.

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:



Chairman of the Board
Janis Romanovskis

26 August 2010

BALANCE SHEET

	30.06.2010. LVL	30.06.2009. LVL	30.06.2010. EUR	30.06.2009. EUR
ASSETS				
Non-current assets				
Intangible assets				
Software, patents, licenses, trademarks and other rights	729,280	411,404	1,037,672	585,375
Advance payments for intangible assets	160,227	103,663	227,982	147,499
Total intangible assets	889,507	515,067	1,265,654	732,874
Tangible fixed assets				
Land, buildings and constructions	16,416,551	13,989,544	23,358,648	19,905,328
Equipment and machinery	9,574,548	9,548,548	13,623,354	13,586,360
Other fixed assets	802,531	922,148	1,141,899	1,312,098
Advance payments for fixed assets	3,084,739	477,864	4,389,188	679,939
Construction in progress	5,517,910	5,784,701	7,851,279	8,230,888
Total tangible fixed assets	35,396,279	30,722,805	50,364,368	43,714,613
Investment property	5,041,842	4,756,049	7,173,895	6,767,249
Non current financial investments				
Investment in associates	25,500	22,000	36,283	31,303
Other investments	973,886	1,026,597	1,385,715	1,460,716
Total long term financial investments	999,386	1,048,597	1,421,998	1,492,019
Total non current financial assets	42,327,014	37,042,518	60,225,915	52,706,755
Current assets				
Inventories				
Raw materials	1,823,838	3,204,135	2,595,088	4,559,073
Unfinished goods	2,161,096	1,912,177	3,074,962	2,720,783
Finished goods and goods for resale	6,304,924	5,291,169	8,971,099	7,528,655
Total inventory	10,289,858	10,407,481	14,641,149	14,808,511
Debtors				
Trade receivables	20,361,530	22,947,257	28,971,847	32,651,005
Other debtors	5,142,312	3,061,850	7,316,851	4,356,620
Other investments	717,763	-	1,021,285	-
Deferred expenses	84,684	1,082,908	120,494	1,540,839
Total debtors	26,306,289	27,092,015	37,430,477	38,548,464
Cash and cash equivalents	2,821,228	391,466	4,014,246	557,006
Total current assets	39,417,375	37,890,962	56,085,872	53,913,981
TOTAL ASSETS	81,744,389	74,933,480	116,311,787	106,620,736

	30.06.2010.	30.06.2009.	30.06.2010.	30.06.2009.
	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	25,580,132	22,012,072	36,397,249	31,320,357
b) foreign currency revaluation	(120,945)	42,312	(172,089)	60,205
c) current year profit	4,124,009	3,446,938	5,867,936	4,904,551
Equity attributable to equity holders of the parent	55,320,851	51,238,977	78,714,479	72,906,496
Minority interest	55,107	53,392	78,410	75,970
Total equity	55,375,958	51,292,369	78,792,890	72,982,466
LIABILITIES				
Long-term liabilities				
Loans from credit institutions	6,645,807	4,471,843	9,456,131	6,362,859
Finance lease liabilities	1,076,080	1,560,077	1,531,124	2,219,790
Deferred income	3,499,831	1,209,953	4,979,811	1,721,608
Deferred tax liabilities	1,827,506	1,509,377	2,600,307	2,147,650
Total non-current liabilities	13,049,224	8,751,250	18,567,373	12,451,907
Current liabilities				
Loans from credit institutions	6,132,857	5,741,906	8,726,269	8,169,996
Finance lease liabilities	162,942	149,574	231,846	212,825
Advances from customers	70,767	25,829	100,692	36,751
Trade accounts payable	5,538,981	7,420,941	7,881,260	10,559,048
Taxes and social security liabilities	492,934	438,151	701,382	623,433
Other payables	459,136	547,335	653,292	778,787
Deferred income	238,146	62,837	338,851	89,409
Accrued liabilities	223,444	503,288	317,932	716,114
Total current liabilities	13,319,207	14,889,861	18,951,524	21,186,363
Total liabilities	26,368,431	23,641,111	37,518,897	33,638,270
TOTAL EQUITY AND LIABILITIES	81,744,389	74,933,480	116,311,787	106,620,736

STATEMENTS OF PROFIT AND LOSS

	2010 January - June LVL	2009 January - June LVL	2010 January - June EUR	2009 January - June EUR
Net sales	32,111,576	29,775,944	45,690,656	42,367,351
Cost of goods sold	(14,036,947)	(13,404,847)	(19,972,776)	(19,073,379)
Gross profit	18,074,629	16,371,097	25,717,880	23,293,972
Selling expenses	(8,988,624)	(7,916,684)	(12,789,660)	(11,264,426)
Administrative expenses	(4,268,030)	(3,852,502)	(6,072,860)	(5,481,616)
Other operating income	2,925,655	1,024,392	4,162,832	1,457,577
Other operating expenses	(2,667,783)	(1,287,857)	(3,795,912)	(1,832,455)
Interest income and similar income	1,765	3,412	2,511	4,855
Interest expense and similar expense	(151,204)	(87,559)	(215,144)	(124,585)
Real estate tax	(47,469)	(40,941)	(67,542)	(58,254)
Profit before taxation	4,878,939	4,213,358	6,942,105	5,995,068
Corporate income tax	(755,285)	(767,138)	(1,074,674)	(1,091,539)
NET PROFIT FOR THE PERIOD	4,123,654	3,446,220	5,867,431	4,903,529
Attributable to:				
Equity holders of the parent	4,124,009	3,446,938	5,867,936	4,904,551
Minority interest	(355)	(718)	(505)	(1,022)
TOTAL	4,123,654	3,446,220	5,867,431	4,903,529
Earnings per share attributable equity holders of the parent (LVL per share)				
- Basic earnings per share	0.43	0.36	0.61	0.51
- Diluted earnings per share	0.43	0.36	0.61	0.51

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 31.12.2009	9,585,000	15,687,750	464,905	(117,972)	25,580,132	51,199,815	55,462	51,255,277
Profit for the period	-	-	-	-	4,124,009	4,124,009	(355)	4,123,654
Foreign currency revaluation	-	-	-	(2,973)	-	(2,973)	-	(2,973)
As of 30.06.2010	9,585,000	15,687,750	464,905	(120,945)	29,704,141	55,320,851	55,107	55,375,958

	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 31.12.2009	13,638,226	22,321,657	661,500	(167,859)	36,397,249	72,850,773	78,915	72,929,689
Profit for the period	-	-	-	-	5,867,936	5,867,936	(505)	5,867,431
Foreign currency revaluation	-	-	-	(4,230)	-	(4,230)	-	(4,230)
As of 30.06.2010	13,638,226	22,321,657	661,500	(172,089)	42,265,185	78,714,479	78,410	78,792,890

STATEMENTS OF CASH FLOWS

	2010 January - June LVL	2009 January - June LVL	2010 January - June EUR	2009 January - June EUR
OPERATING ACTIVITIES				
Net profit before taxation	4,878,939	4,213,358	6,942,105	5,995,068
<i>Adjustments to reconcile net profit to net cash provided by operating activities:</i>				
Depreciation and amortisation	1,394,172	1,189,011	1,983,728	1,691,810
Loss / (gain) on disposal of fixed assets and intangible assets	735	(846)	1,046	(1,204)
Income from EU funding	(62,153)	(62,153)	(88,436)	(88,436)
Interest income	(1,765)	(3,412)	(2,511)	(4,855)
Interest expense	151,204	87,559	215,144	124,585
<i>Changes in operating assets and liabilities:</i>				
Inventory	273,991	(3,250,293)	389,854	(4,624,750)
Debtors	(2,600,829)	(7,519,080)	(3,700,646)	(10,698,687)
Creditors	(2,252,918)	4,612,380	(3,205,614)	6,562,827
Gross cash provided by operating activities	1,781,376	(733,476)	2,534,670	(1,043,642)
Corporate income tax paid	497,231	(719,211)	707,496	(1,023,345)
Net cash provided by (used in) operating activities	2,278,607	(1,452,687)	3,242,166	(2,066,987)
INVESTING ACTIVITIES				
Purchase of fixed assets and intangible assets	(3,822,489)	(1,290,927)	(5,438,912)	(1,836,823)
Proceeds from sale of fixed assets	10,375	-	14,762	-
Purchase of long term financial investments	(248,120)	(1,265,047)	(353,043)	(1,800,000)
Net cash used in investing activities	(4,060,234)	(2,555,974)	(5,777,193)	(3,636,823)
FINANCING ACTIVITIES				
Received loans from credit institutions	3,323,938	4,405,351	4,729,538	6,268,250
Repaid loans to credit institutions	(1,111,558)	(786,461)	(1,581,605)	(1,119,034)
Income from EU funding	2,425,338	-	3,450,946	-
Interest paid	(151,275)	(87,559)	(215,245)	(124,585)
Net cash provided by financing activities	4,486,443	3,531,331	6,383,634	5,024,631
Net (decrease)/ increase in cash and cash equivalents	2,704,816	(477,330)	3,848,607	(679,179)
Cash and cash equivalents at the beginning of the period	116,412	868,796	165,639	1,236,185
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2,821,228	391,466	4,014,246	557,006

NOTES

OTHER DEBTORS

	30.06.2010.	30.06.2009.	30.06.2010.	30.06.2009.
	LVL	LVL	EUR	EUR
Tax receivables	435,928	370,174	620,270	526,710
Other	4,706,384	2,691,676	6,696,581	3,829,910
Total	5,142,312	3,061,850	7,316,851	4,356,620

CASH AND CASH EQUIVALENTS

	30.06.2010.	30.06.2009.	30.06.2010.	30.06.2009.
	LVL	LVL	EUR	EUR
Cash in bank	2,812,839	384,847	4,002,310	547,588
Cash on hand	8,389	6,619	11,936	9,418
Total	2,821,228	391,466	4,014,246	557,006

LOANS FROM CREDIT INSTITUTIONS

	30.06.2010. LVL	30.06.2009. LVL	30.06.2010. EUR	30.06.2009. EUR
Credit line from JSC "Swedbank", Latvia	2,765,919	3,133,328	3,935,548	4,458,324
Credit line from JSC "SEB bank", Latvia	2,775,692	1,990,812	3,949,454	2,832,670
JSC "Swedbank", Latvia	319,262	316,263	454,269	450,002
JSC "Swedbank", Latvia	177,107	177,107	252,001	252,000
JSC "Swedbank", Latvia	94,877	124,396	134,997	177,000
Current loans from credit institutions	6,132,857	5,741,906	8,726,269	8,169,996
JSC "Swedbank", Latvia	3,323,938	-	4,729,538	-
JSC "SEB bank", Latvia	1,325,611	1,325,611	1,886,175	1,886,175
JSC "Swedbank", Latvia	1,103,916	1,739,440	1,570,731	2,475,000
JSC "Swedbank", Latvia	569,364	923,576	810,132	1,314,130
JSC "Swedbank", Latvia	322,978	483,216	459,555	687,554
Non-current loans from credit institutions	6,645,807	4,471,843	9,456,131	6,362,859
Total	12,778,664	10,213,749	18,182,400	14,532,855

TAX LIABILITIES

	30.06.2010. LVL	30.06.2009. LVL	30.06.2010. EUR	30.06.2009. EUR
Personal income tax	246,634	223,593	350,929	318,144
Social security payments	220,324	202,744	313,493	288,479
Corporate income tax	5,657	-	8,049	-
Other	20,319	11,814	28,911	16,810
Total	492,934	438,151	701,382	623,433

NET SALES

	2010	2009	2010	2009
	January -	January -	January -	January -
	June	June	June	June
	LVL	LVL	EUR	EUR
Russia	16,029,702	17,639,821	22,808,211	25,099,204
Other CIS countries	13,465,888	10,505,283	19,160,232	14,947,671
Other countries	4,566,801	2,869,682	6,497,973	4,083,190
Latvia	1,659,184	1,413,507	2,360,806	2,011,239
Lithuania	947,007	796,538	1,347,470	1,133,371
Estonia	530,358	522,904	754,631	744,025
Other income	1,933	19,490	2,750	27,732
Gross sales	37,200,873	33,767,225	52,932,073	48,046,432
Less discounts				
Russia	(2,868,950)	(3,054,813)	(4,082,148)	(4,346,607)
Other CIS countries	(2,123,227)	(795,478)	(3,021,080)	(1,131,863)
Latvia	(37,591)	(57,640)	(53,487)	(82,014)
Lithuania	(30,898)	(12,753)	(43,964)	(18,146)
Estonia	(12,042)	(23,521)	(17,134)	(33,467)
Other countries	(16,589)	(47,076)	(23,604)	(66,984)
Discounts total	(5,089,297)	(3,991,281)	(7,241,417)	(5,679,081)
Total, net	32,111,576	29,775,944	45,690,656	42,367,351

COST OF GOODS SOLD

	2010	2009	2010	2009
	January -	January -	January -	January -
	June	June	June	June
	LVL	LVL	EUR	EUR
Goods purchased for resale	4,855,994	3,648,791	6,909,457	5,191,762
Raw materials and packing	4,567,265	4,508,180	6,498,633	6,414,562
Direct labour and social security payments	2,692,555	3,336,727	3,831,161	4,747,735
Research costs	1,403,047	1,159,264	1,996,356	1,649,484
Depreciation of fixed assets and amortization of intangible assets	1,047,279	845,814	1,490,144	1,203,485
Electricity resource expenses	515,580	589,097	733,604	838,210
Machinery, buildings and equipment repairs	310,676	354,265	442,052	504,074
Household expenses	101,767	113,254	144,801	161,146
Transport	56,991	55,284	81,091	78,662
Rent of work clothing	32,946	54,348	46,878	77,330
Waste disposal	26,780	34,016	38,105	48,400
Other	269,826	499,553	383,927	710,800
Internal turnover of self-manufactured raw materials	(1,843,759)	(1,793,746)	(2,623,433)	(2,552,271)
Total	14,036,947	13,404,847	19,972,776	19,073,379

SELLING AND DISTRIBUTION COSTS

	2010	2009	2010	2009
	January -	January -	January -	January -
	June	June	June	June
	LVL	LVL	EUR	EUR
Advertising	5,524,461	4,317,919	7,860,600	6,143,845
Expenses of representative offices	969,104	1,016,709	1,378,911	1,446,647
Salaries and social security payments	760,599	943,445	1,082,235	1,342,401
Distribution expenses for goods	256,957	242,996	365,617	345,752
Patents	249,823	278,827	355,466	396,735
Depreciation of fixed assets and amortisation of intangible assets	138,626	117,839	197,247	167,670
Registration costs for medicine	133,869	179,864	190,478	255,923
Commissions	86,046	85,306	122,432	121,380
Freight insurance	16,893	22,831	24,037	32,486
Other	852,246	710,948	1,212,637	1,011,587
Total	8,988,624	7,916,684	12,789,660	11,264,426

ADMINISTRATIVE EXPENSES

	2010	2009	2010	2009
	January -	January -	January -	January -
	June	June	June	June
	LVL	LVL	EUR	EUR
Salaries and social security payments	1,976,926	1,906,409	2,812,912	2,712,576
Depreciation of fixed assets and amortisation of intangible assets	183,578	194,165	261,208	276,272
Professional services	115,567	37,369	164,437	53,171
Security costs	102,830	132,469	146,314	188,486
Personnel training and hiring expenses	93,028	154,808	132,367	220,272
Employee insurance	74,480	106,759	105,975	151,904
Transport	74,351	91,531	105,792	130,237
Bank charges	52,635	34,099	74,893	48,519
Electricity	50,020	98,814	71,172	140,600
Computers maintenance	47,186	63,107	67,140	89,793
Business trips	30,859	42,210	43,908	60,059
Property and liability insurance	17,130	16,278	24,374	23,162
Communication expense	15,432	20,784	21,958	29,573
Other	1,434,008	953,700	2,040,410	1,356,992
Total	4,268,030	3,852,502	6,072,860	5,481,616

Currency exchange for the EUR – 0.702804

JSC “Grindeks” hereby informs that there were no changes made in its accounting policy in 2010. In non-audited financial accounts for the period January - June 2010 the Group has employed the same Accounting and Consolidation Principles as in the audited consolidated financial accounts for the year 2009, released on April 27, 2010.

Chairman of the Board

Janis Romanovskis