

Grindex

Joint Stock Company “Grindeks”

*Non-audited consolidated financial statements
for the periods ended 30 September 2010 and
30 September 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 September 2010
Previous reporting period	1 January 2009 – 30 September 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*

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*

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 "Pharmstandard" *	11.38	11.38
"Skandinaviska Enskilda banken"	10.22	10.04
"Swedbank" AS Clients Account	6.17	6.57

*On 27 October 2010 OJSC "Pharmstandard" sold its 11.38% shares of the JSC "Grindeks" to the private equity fund "AB.LV Private Equity Fund 2010" established by JSC "Aizkraukles Banka".

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

The Group’s turnover during the first nine months of 2010 amounted to 46.9 million lats, which is by 8.35 million lats or 21.7% more than in the first nine months of 2009. In its turn, net profit of the Group related to the shareholders of the holding company amounted to 5.2 million lats in the reporting period, which has tripled in comparison with the first nine months of 2009.

In the first nine months of 2010 gross profit margin of the Group was 54.6%, whereas, net profit margin comprised 11.1%. Products of the Group, manufactured during the reporting period, were exported to 51 countries worldwide for the total amount of 44.5 million lats, which is by 7.9 million lats or 21.6% more than in the comparable reporting period of 2009.

Sales of final dosage forms

In the first nine months of 2010 the sales volume of the final dosage forms of “Grindeks” amounted to 40.9 million lats, which is by 6.15 million lats or 17.7% more than in the same reporting period of 2009. In the first nine months of 2010 amount of “Grindeks” final dosage forms’ export to the main markets - Russia, other CIS countries and Georgia - comprised 35.7 million lats. In its turn, turnover of the final dosage forms to the Baltic States and other European countries reached 5.2 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 nine months of 2010 the APIs’ sales volume reached 6 million lats, which is by 2.2 million lats or 57.9% more than in the first nine months 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 nine months 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.

In September the inspections by the Latvian and Estonian State Agencies of Medicines approved the APIs (zopiclone, ursodeoxycholic acid, pimobendan and milnacipran) compliance with the Good Manufacturing Practice standard. Successfully is passed also Quality and Environmental Management System surveillance audit in accordance with ISO 9001 and ISO 14001 by the “Bureau Veritas Latvia”.

Development of “Grindeks” share price in the reporting period (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 nine months of 2010 was within the limits from 3.69 lats to 6.45 lats. In the first nine months of 2010 the average price of “Grindeks” shares was 5.52 lats. The total quantity of “Grindeks” shares, traded in “NASDAQ OMX Riga”, during the first nine months of 2010 was 328 613 shares, reaching the turnover of 1.8 million lats. At the end of the first nine months of 2010 the market capitalization of “Grindeks” shares was 60.3 million lats.



The Group's earnings per share (EPS ratio), during the first nine months of 2010 amounted to 0.54 lats as compared with 0.18 lats during the same period in 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 cost control, as well as optimization of manufacturing and resources;
- targeted diversification of business actions:
 - introduction of new products;
 - entrance into new markets;
 - increase in 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:

Chairman of the Board
Janis Romanovskis

26 November 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 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 2010 and the results of its operations and cash flows for the period of nine-months ended 30 September 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 November 2010

BALANCE SHEET

	30.09.2010. LVL	30.09.2009. LVL	30.09.2010. EUR	30.09.2009. EUR
ASSETS				
Non-current assets				
Intangible assets				
Software, patents, licenses, trademarks and other rights	698,231	383,041	993,494	545,018
Advance payments for intangible assets	152,539	129,363	217,043	184,067
Total intangible assets	850,770	512,404	1,210,537	729,085
Tangible fixed assets				
Land, buildings and constructions	14,072,643	13,894,371	20,023,567	19,769,909
Equipment and machinery	9,291,418	9,215,198	13,220,497	13,112,045
Other fixed assets	778,578	874,391	1,107,817	1,244,146
Advance payments for fixed assets	2,963,649	1,966,314	4,216,892	2,797,813
Construction in progress	7,084,398	5,808,455	10,080,190	8,264,688
Total tangible fixed assets	34,190,686	31,758,729	48,648,963	45,188,601
Investment property	4,882,200	4,752,091	6,946,745	6,761,616
Non current financial investments				
Investment in associates	25,720	22,000	36,596	31,303
Other investments	2,974,021	1,026,597	4,231,651	1,460,716
Total long term financial investments	2,999,741	1,048,597	4,268,247	1,492,019
Total non current financial assets	42,923,397	38,071,821	61,074,492	54,171,321
Current assets				
Inventories				
Raw materials	2,831,657	3,263,859	4,029,085	4,644,053
Unfinished goods	2,158,524	1,748,791	3,071,303	2,488,305
Finished goods and goods for resale	6,622,730	6,396,989	9,423,296	9,102,096
Total inventory	11,612,911	11,409,639	16,523,684	16,234,454
Debtors				
Trade receivables	23,587,576	18,782,482	33,562,097	26,725,064
Other debtors	3,176,188	3,945,575	4,519,308	5,614,047
Other investments	717,763	376,093	1,021,285	535,132
Deferred expenses	114,103	787,009	162,354	1,119,813
Total debtors	27,595,630	23,891,159	39,265,044	33,994,056
Cash and cash equivalents	854,425	80,615	1,215,737	114,705
Total current assets	40,062,966	35,381,413	57,004,465	50,343,215
TOTAL ASSETS	82,986,363	73,453,234	118,078,957	104,514,536

	30.09.2010. LVL	30.09.2009. LVL	30.09.2010. EUR	30.09.2009. 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	(100,713)	39,571	(143,302)	56,305
c) current year profit	5,175,920	1,742,145	7,364,671	2,478,849
Equity attributable to equity holders of the parent	56,392,994	49,531,443	80,240,001	70,476,894
Minority interest	55,271	54,032	78,644	76,881
Total equity	56,448,265	49,585,475	80,318,645	70,553,775
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	1,509,439	2,600,307	2,147,738
Total non-current liabilities	13,049,224	8,751,312	18,567,373	12,451,995
Current liabilities				
Loans from credit institutions	5,694,781	6,243,833	8,102,943	8,884,174
Finance lease liabilities	77,604	65,722	110,421	93,514
Advances from customers	25,524	7,588	36,317	10,797
Trade accounts payable	5,972,101	7,395,817	8,497,534	10,523,300
Taxes and social security liabilities	1,028,701	376,904	1,463,710	536,286
Other payables	354,352	498,651	504,198	709,515
Deferred income	112,367	37,358	159,884	53,156
Accrued liabilities	223,444	490,574	317,932	698,024
Total current liabilities	13,488,874	15,116,447	19,192,939	21,508,766
Total liabilities	26,538,098	23,867,759	37,760,312	33,960,761
TOTAL EQUITY AND LIABILITIES	82,986,363	73,453,234	118,078,957	104,514,536

STATEMENTS OF PROFIT AND LOSS

	2010 January- September LVL	2009 January- September LVL	2010 January- September EUR	2009 January- September EUR
Net sales	46,874,924	38,549,507	66,697,008	54,851,007
Cost of goods sold	(21,277,408)	(19,355,238)	(30,275,024)	(27,540,023)
Gross profit	25,597,516	19,194,269	36,421,984	27,310,984
Selling expenses	(12,202,116)	(10,782,343)	(17,362,047)	(15,341,892)
Administrative expenses	(5,290,540)	(5,306,224)	(7,527,760)	(7,550,077)
Other operating income	3,955,966	861,769	5,628,833	1,226,187
Other operating expenses	(5,291,386)	(1,501,453)	(7,528,964)	(2,136,375)
Interest income and similar income	26,159	4,899	37,221	6,971
Interest expense and similar expense	(235,005)	(143,755)	(334,382)	(204,545)
Real estate tax	(68,760)	(61,260)	(97,837)	(87,165)
Profit before taxation	6,491,834	2,265,902	9,237,048	3,224,088
Corporate income tax	(1,316,105)	(523,835)	(1,872,649)	(745,350)
NET PROFIT FOR THE PERIOD	5,175,729	1,742,067	7,364,399	2,478,738
Attributable to:				
Equity holders of the parent	5,175,920	1,742,145	7,364,671	2,478,849
Minority interest	(191)	(78)	(272)	(111)
TOTAL	5,175,729	1,742,067	7,364,399	2,478,738
Earnings per share attributable equity holders of the parent (LVL per share)				
- Basic earnings per share	0.54	0.18	0.77	0.26
- Diluted earnings per share	0.54	0.18	0.77	0.26

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	-	-	-	-	5,175,920	5,175,920	(191)	5,175,729
Foreign currency revaluation	-	-	-	17,259	-	17,259	-	17,259
As of 30.09.2010	9,585,000	15,687,750	464,905	(100,713)	30,756,052	56,392,994	55,271	56,448,265

	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	-	-	-	-	7,364,671	7,364,671	(272)	7,364,399
Foreign currency revaluation	-	-	-	24,557	-	24,557	-	24,557
As of 30.09.2010	13,638,226	22,321,657	661,500	(143,302)	43,761,919	80,240,001	78,644	80,318,645

STATEMENTS OF CASH FLOWS

	2010 January- September LVL	2009 January- September LVL	2010 January- September EUR	2009 January- September EUR
OPERATING ACTIVITIES				
Net profit before taxation	6,491,834	2,265,902	9,237,048	3,224,088
<i>Adjustments to reconcile net profit to net cash provided by operating activities:</i>				
Depreciation and amortisation	2,094,760	1,864,263	2,980,575	2,652,607
Loss / (gain) on disposal of fixed assets and intangible assets	704,447	(752)	1,002,338	(1,070)
Income from EU funding	(298,759)	(93,914)	(425,096)	(133,628)
Interest income	(26,159)	(4,899)	(37,221)	(6,971)
Interest expense	235,005	143,755	334,382	204,545
<i>Changes in operating assets and liabilities:</i>				
Inventory	(1,049,062)	(4,252,451)	(1,492,681)	(6,050,693)
Debtors	(4,097,449)	(4,318,224)	(5,830,145)	(6,144,279)
Creditors	(2,001,453)	4,976,506	(2,847,810)	7,080,931
Gross cash provided by operating activities	2,053,164	580,186	2,921,390	825,530
Interest income	39	4,899	55	6,971
Corporate income tax paid	475,162	(1,115,046)	676,095	(1,586,568)
Net cash provided by (used in) operating activities	2,528,365	(529,961)	3,597,540	(754,067)
INVESTING ACTIVITIES				
Purchase of fixed assets and intangible assets	(5,498,093)	(2,970,238)	(7,823,082)	(4,226,268)
Proceeds from sale of fixed assets	10,375	-	14,762	-
Purchase of long term financial investments	(267,271)	(1,265,047)	(380,292)	(1,800,000)
Net cash used in investing activities	(5,754,989)	(4,235,285)	(8,188,612)	(6,026,268)
FINANCING ACTIVITIES				
Received loans from credit institutions	3,323,938	5,201,402	4,729,538	7,400,928
Repaid loans to credit institutions	(1,549,634)	(1,080,585)	(2,204,931)	(1,537,532)
Income from EU funding	2,425,338	-	3,450,945	-
Interest paid	(235,005)	(143,752)	(334,382)	(204,541)
Net cash provided by financing activities	3,964,637	3,977,065	5,641,170	5,658,855
Net (decrease)/ increase in cash and cash equivalents	738,013	(788,181)	1,050,098	(1,121,480)
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	854,425	80,615	1,215,737	114,705

NOTES

OTHER DEBTORS

	30.09.2010.	30.09.2009.	30.09.2010.	30.09.2009.
	LVL	LVL	EUR	EUR
Tax receivables	548,138	1,013,713	779,930	1,442,384
Other	2,628,050	2,931,862	3,739,378	4,171,663
Total	3,176,188	3,945,575	4,519,308	5,614,047

CASH AND CASH EQUIVALENTS

	30.09.2010.	30.09.2009.	30.09.2010.	30.09.2009.
	LVL	LVL	EUR	EUR
Cash in bank	848,767	71,135	1,207,686	101,216
Cash on hand	5,658	9,480	8,051	13,489
Total	854,425	80,615	1,215,737	114,705

LOANS FROM CREDIT INSTITUTIONS

	30.09.2010.	30.09.2009.	30.09.2010.	30.09.2009.
	LVL	LVL	EUR	EUR
Credit line from JSC "Swedbank", Latvia	3,010,064	3,413,740	4,282,935	4,857,314
Credit line from JSC "SEB bank", Latvia	2,387,596	2,506,451	3,397,243	3,566,358
JSC "Swedbank", Latvia	161,130	158,131	229,267	225,000
JSC "Swedbank", Latvia	88,554	88,554	126,001	126,001
JSC "Swedbank", Latvia	47,437	76,957	67,497	109,500
Current loans from credit institutions	5,694,781	6,243,833	8,102,943	8,884,173
JSC "Swedbank", Latvia	1,976,140	-	2,811,794	-
JSC "Swedbank", Latvia	1,347,798	-	1,917,744	-
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	12,340,588	10,715,676	17,559,074	15,247,032

TAX LIABILITIES

	30.09.2010. LVL	30.09.2009. LVL	30.09.2010. EUR	30.09.2009. EUR
Social security payments	281,134	219,159	400,018	311,835
Personal income tax	142,702	140,474	203,047	199,876
Corporate income tax	382,942	668	544,877	950
Other	221,923	16,603	315,768	23,625
Total	1,028,701	376,904	1,463,710	536,286

NET SALES

	2010 January- September LVL	2009 January- September LVL	2010 January- September EUR	2009 January- September EUR
Russia	26,884,361	20,763,342	38,252,999	29,543,574
Other CIS countries	16,380,733	13,875,353	23,307,683	19,742,849
Other countries	6,558,483	4,282,869	9,331,881	6,093,974
Latvia	2,473,889	2,025,641	3,520,027	2,882,227
Lithuania	1,389,491	1,228,133	1,977,068	1,747,476
Estonia	849,738	759,166	1,209,068	1,080,196
Other income	8,191	20,429	11,655	29,067
Gross sales	54,544,886	42,954,933	77,610,381	61,119,363
Less discounts				
Russia	(5,038,341)	(3,190,990)	(7,168,913)	(4,540,370)
Other CIS countries	(2,479,318)	(1,025,150)	(3,527,752)	(1,458,657)
Latvia	(62,617)	(73,115)	(89,096)	(104,033)
Lithuania	(48,740)	(35,104)	(69,351)	(49,948)
Estonia	(18,216)	(28,585)	(25,919)	(40,673)
Other countries	(22,730)	(52,482)	(32,342)	(74,675)
Discounts total	(7,669,962)	(4,405,426)	(10,913,373)	(6,268,356)
Total, net	46,874,924	38,549,507	66,697,008	54,851,007

COST OF GOODS SOLD

	2010 January- September LVL	2009 January- September LVL	2010 January- September EUR	2009 January- September EUR
Goods purchased for resale	7,229,688	4,722,674	10,286,919	6,719,760
Raw materials and packing	7,049,036	6,150,243	10,029,875	8,751,007
Direct labour and social security payments	4,079,873	5,016,241	5,805,136	7,137,468
Research costs	2,175,255	1,891,300	3,095,109	2,691,077
Depreciation of fixed assets and amortization of intangible assets	1,582,769	1,349,669	2,252,077	1,920,406
Electricity resource expenses	700,042	743,643	996,070	1,058,109
Machinery, buildings and equipment repairs	497,924	480,794	708,482	684,108
Household expenses	148,207	166,611	210,880	237,066
Transport	82,052	131,336	116,749	186,874
Rent of work clothing	48,682	79,142	69,268	112,609
Waste disposal	39,014	45,592	55,512	64,872
Other	459,793	626,122	654,227	890,892
Internal turnover of self-manufactured raw materials	(2,814,927)	(2,048,129)	(4,005,280)	(2,914,225)
Total	21,277,408	19,355,238	30,275,024	27,540,023

SELLING AND DISTRIBUTION COSTS

	2010 January- September LVL	2009 January- September LVL	2010 January- September EUR	2009 January- September EUR
Advertising	6,972,284	5,642,231	9,920,666	8,028,171
Expenses of representative offices	1,455,721	1,483,032	2,071,304	2,110,164
Salaries and social security payments	1,153,715	1,347,596	1,641,589	1,917,456
Distribution expenses for goods	384,044	486,873	546,445	692,758
Patents	364,747	331,330	518,988	471,440
Depreciation of fixed assets and amortisation of intangible assets	208,916	182,149	297,261	259,175
Registration costs for medicine	185,314	388,110	263,678	552,231
Commissions	136,912	103,561	194,808	147,354
Freight insurance	25,370	21,165	36,098	30,115
Other	1,315,093	796,296	1,871,210	1,133,028
Total	12,202,116	10,782,343	17,362,047	15,341,892

ADMINISTRATIVE EXPENSES

	2010 January- September LVL	2009 January- September LVL	2010 January- September EUR	2009 January- September EUR
Salaries and social security payments	2,861,460	2,675,500	4,071,491	3,806,894
Depreciation of fixed assets and amortisation of intangible assets	266,038	289,032	378,538	411,255
Professional services	184,919	54,218	263,116	77,145
Security costs	152,573	184,381	217,092	262,351
Employee insurance	110,862	164,915	157,742	234,653
Transport	108,799	138,507	154,807	197,078
Personnel training and hiring expenses	108,782	227,151	154,783	323,207
Bank charges	75,184	49,107	106,977	69,873
Computers maintenance	73,318	88,580	104,322	126,038
Business trips	58,609	57,736	83,393	82,151
Electricity	57,274	119,760	81,494	170,403
Property and liability insurance	24,675	27,783	35,109	39,532
Communication expense	22,019	30,418	31,330	43,281
Other	1,186,028	1,199,136	1,687,566	1,706,216
Total	5,290,540	5,306,224	7,527,760	7,550,077

Currency exchange for the EUR – 0.702804

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

Chairman of the Board

Janis Romanovskis