

Grindex

Joint Stock Company “Grindeks”

*Non-audited consolidated financial statements
for the periods ended 31 December 2010 and
31 December 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
Reporting period	1 January 2010 – 31 December 2010
Previous reporting period	1 January 2009 – 31 December 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 31 December 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 31 December 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 31 December 2010*

MAJOR SHAREHOLDERS

The shareholders (above 5%) as of 1 July 2010 and 31 December 2010 were as follows (*Latvian central Depository data*):

	Ownership interest (%) 01.07.2010.	Ownership interest (%) 31.12.2010.
Kirovs Lipmans	33.29	33.29
Anna Lipmane	16.69	16.69
“AB.LV Private equity fund 2010”	-	11.38
OJSC “Pharmstandard”	11.38	-
“Skandinaviska Enskilda banken”	10.04	10.62
“Swedbank” AS Clients Account	6.57	7.10

MANAGEMENT REPORT

Mode of activity

In the accounting period the Group of “Grindeks” consisted of JSC “Grindeks” and its four subsidiaries: JSC “Tallinn Pharmaceutical Plant” in Estonia, JSC “Kalceks”, “Namu Apsaimniekosanas projekti” Ltd. in Latvia and “Grindeks Rus” Ltd. in Russia (altogether hereinafter referred to as “the Group”). The 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 amounted to 65.1 million lats in 2010, which is by 11.5 million lats or 21.5% more than in 2009. In its turn, net profit related to the shareholders of the holding company amounted to 7.1 million lats in the reporting period, which is by 3.5 million lats more in comparison with 2009 and has increased by 97.2%.

In 2010, gross profit margin of the Group was 53.9%, whereas, net profit margin comprised 10.9%. Products of the Group, manufactured during the reporting period, were exported to 50 countries worldwide for the total amount of 61.7 million lats, which is by 10.9 million lats or 21.5% more than in the previous year.

In 2010, ROE was 13 %; ROA was 11.3 %; liquidity was 2.54.

The results of “Grindeks” for the year 2010 show a positive sales growth. Stable increases are recorded in realization of both the final dosage forms and the active pharmaceutical ingredients. Results are achieved through marketing activities and sales promotion in the key markets, strengthened strategy for the introduction and promotion of generics, as well as strict cost control.

Sales of final dosage forms

In 2010, the sales volume of the final dosage forms of “Grindeks” amounted to 57.7 million lats, which is by 9.5 million lats or 19.7% more than in 2009. In 2010, amount of “Grindeks” final dosage forms’ export to the main markets - Russia, other CIS countries and Georgia - comprised 50.2 million lats, which is by 8.3 million lats or 19.8% more than in 2009. In its turn, turnover of the final dosage forms to the Baltic States and other European countries reached 7.5 million lats, which is by 1.2 million lats or 19% more than in 2009.

The positive results were facilitated by the stabilization of economic processes, as well as by targeted marketing and sales activities of “Grindeks” in existing and especially new markets - Eastern European countries.

In 2010, a number of new generics were introduced, which has also a positive effect on the turnover growth. In addition to the existing dosage forms of Mildronate® - capsules and injections, several markets have been expanded to offer new dosage form of Mildronate® - tablets. The product range is also successfully supplemented by the non-prescription medication Sorbex® and dietary supplement Lactobex®.

Sales of active pharmaceutical ingredients

Sales of active pharmaceutical ingredients produced by the Group amounted to 7.4 million lats in 2010, which is by 2 million lats or 37% more than in 2009. Such an outcome is achieved by the increase in demand of the active pharmaceutical ingredient - ursodeoxycholic acid (UDCA), introduced in the manufacture in 2009. With the increasing market demand, also grew sales of the active pharmaceutical ingredient zopiclone, manufactured by “Grindeks”. Overall “Grindeks” realized 17 active pharmaceutical ingredients. In 2010, the main export markets for active pharmaceutical ingredients of “Grindeks” were Germany and the Netherlands.

Investment program

Investing 1.6 million lats, “Grindeks” finished the clinical trial on the influence of the brand product Mildronate® on the treatment of angina in 2010. Results of the just-finished multinational clinical trial once more approve effectiveness and the high safety of Mildronate® in the treatment of angina in combination with the standard therapy. The results obtained will promote sales and registration of Mildronate® in new markets.

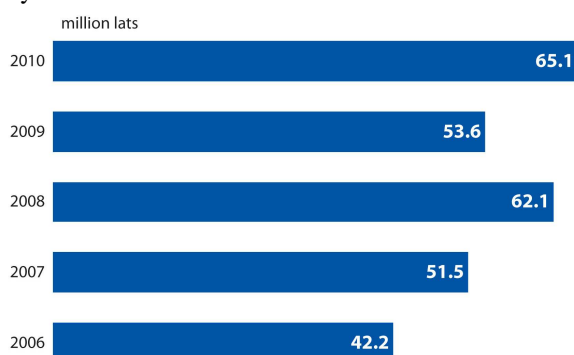
In order to ensure regular development and manufacturing of the active pharmaceutical ingredient UDCA, “Grindeks” started construction of a new manufacturing unit in the middle of 2009, which is planned to finish in the first half of 2011. It is planned to invest almost 6 million lats in the project, and “Grindeks” signed an agreement with Investment and Development Agency of Latvia on co-financing of 2.8 million lats from the European Regional Development Fund for its realization.

Quality and environmental protection

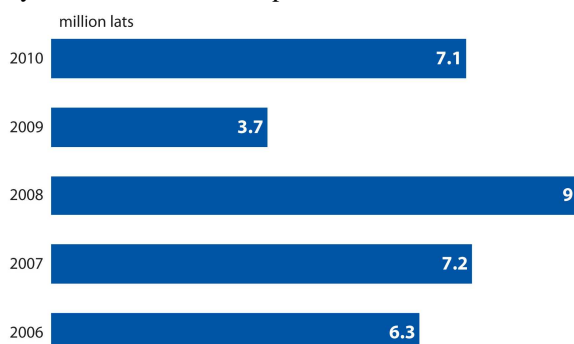
In 2010, “Grindeks” successfully passed 29 significant inspections and audits by state agencies of medicines, supervisory bodies of food supplement manufacturers from Latvia and other countries, clients, institutions of environmental protection. The inspection by the Belarus State Food and Veterinary Service for food supplement production and several audits for the active pharmaceutical ingredients production by clients from several European Union countries and Japan have taken place. In 2010, inspections by the Latvian and Lithuanian State Agencies of Medicines confirmed the new anti-cancer medication manufacturing 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. The inspections by the Latvian and Estonian State Agencies of Medicines approved the active pharmaceutical ingredients’ (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”. Specialists of “Grindeks” audited and participated in the technology implementation process in Lithuania, Germany and Slovakia.

Main financial data of “Grindeks” during five year period (2006-2010)

Dynamics of “Grindeks” turnover



Dynamics of “Grindeks” profit



Development of “Grindeks” share price (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 2010 was within the limits from 3.69 lats to 7.00 lats. In 2010, the average price of “Grindeks” shares was 5.97 lats. The total quantity of “Grindeks” shares, traded in

“NASDAQ OMX Riga”, during the year 2010 was 583 715 shares, reaching the turnover of 3.49 million lats. At the end of the year 2010 the market capitalization of “Grindeks” shares was 64.22 million lats. The Group’s earnings per share (EPS ratio), during 2010 amounted to 0.74 lats as compared with 0.37 lats during 2009.

Future expectations

In 2011, “Grindeks” plans to maintain the current sales growth. A special attention will be put on research and development of new final dosage forms, as well as their successful implementation in the existing and new markets. In 2011, Mildronate® clinical research program in China will be continued. Likewise research and development of new active pharmaceutical ingredients will be continued.

In 2011, “Grindeks” will continue the following tactics:

- 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.

On behalf of the Group’s Management:



Janis Romanovskis
Chairman of the Board

25 February 2011

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 31 December 2010 and the results of its operations and cash flows for the period of twelve-months ended 31 December 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

25 February 2011

BALANCE SHEET

	31.12.2010. LVL	31.12.2009. LVL	31.12.2010. EUR	31.12.2009. EUR
ASSETS				
Non-current assets				
Intangible assets				
Software, patents, licenses, trademarks and other rights	883,491	491,500	1,257,094	699,342
Advance payments for intangible assets	90,741	295,178	129,113	420,000
Total intangible assets	974,232	786,678	1,386,207	1,119,342
Tangible fixed assets				
Land, buildings and constructions	13,954,462	16,358,280	19,855,411	23,275,735
Equipment and machinery	9,119,061	10,204,746	12,975,255	14,520,045
Other fixed assets	787,503	835,899	1,120,516	1,189,377
Construction in progress	6,685,121	3,405,717	9,512,070	4,845,899
Advance payments for fixed assets	4,290,126	2,386,423	6,104,299	3,395,575
Total tangible fixed assets	34,836,273	33,191,065	49,567,551	47,226,631
Investment property	5,034,474	5,049,220	7,163,411	7,184,393
Non current financial investments				
Investment in associates	-	22,000	-	31,303
Other investments	25,720	-	36,596	-
Other non current assets	1,706,200	-	2,427,704	-
Loan for the partner and management	896,075	710,335	1,275,000	1,010,715
Total long term financial investments	2,627,995	732,335	3,739,300	1,042,018
Total non current financial assets	43,472,974	39,759,298	61,856,469	56,572,384
Current assets				
Inventories				
Raw materials	2,828,538	3,147,807	4,024,647	4,478,926
Unfinished goods	1,980,706	1,848,574	2,818,291	2,630,284
Finished goods and goods for resale	5,936,422	5,567,468	8,446,767	7,921,793
Total inventory	10,745,666	10,563,849	15,289,705	15,031,003
Debtors				
Trade receivables	23,846,269	19,148,974	33,930,184	27,246,535
Other debtors	4,436,369	3,432,653	6,312,385	4,884,226
Loan for the partner and management	846,245	741,893	1,204,098	1,055,619
Deferred expenses	108,191	174,661	153,942	248,520
Total debtors	29,237,074	23,498,181	41,600,609	33,434,900
Cash and cash equivalents	524,506	116,412	746,305	165,639
Total current assets	40,507,246	34,178,442	57,636,619	48,631,542
TOTAL ASSETS	83,980,220	73,937,740	119,493,088	105,203,926

	31.12.2010. LVL	31.12.2009. LVL	31.12.2010. EUR	31.12.2009. 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
Retained profit:				
a) prior year accumulated profit	25,580,132	22,012,072	36,397,249	31,320,357
b) foreign currency revaluation	45,282	(117,972)	64,431	(167,859)
c) current year profit	7,102,656	3,568,060	10,106,169	5,076,892
Equity attributable to equity holders of the parent	58,465,725	51,199,815	83,189,232	72,850,773
No controlling interest	56,020	55,462	79,709	78,915
Total equity	58,521,745	51,255,277	83,268,941	72,929,689
LIABILITIES				
Long-term liabilities				
Loans from credit institutions	3,687,826	3,324,869	5,247,304	4,730,862
Finance lease liabilities	770,300	1,230,828	1,096,038	1,751,310
Deferred income	3,056,775	1,084,826	4,349,399	1,543,569
Deferred tax liabilities	1,993,312	1,827,506	2,836,227	2,600,307
Total non-current liabilities	9,508,213	7,468,029	13,528,968	10,626,048
Current liabilities				
Loans from credit institutions	7,839,793	7,241,415	11,155,020	10,303,605
Finance lease liabilities	316,800	332,263	450,766	472,768
Advances from customers	68,891	11,922	98,023	16,963
Trade accounts payable	5,836,297	6,435,314	8,304,302	9,156,627
Taxes and social security liabilities	964,003	253,627	1,371,653	360,879
Other payables	352,112	635,030	501,011	903,567
Deferred income	121,537	216,419	172,932	307,936
Accrued liabilities	450,829	88,444	641,472	125,844
Total current liabilities	15,950,262	15,214,434	22,695,179	21,648,189
Total liabilities	25,458,475	22,682,463	36,224,147	32,274,237
TOTAL EQUITY AND LIABILITIES	83,980,220	73,937,740	119,493,088	105,203,926

STATEMENT OF PROFIT OR LOSS

	2010 LVL	2009 LVL	2010 EUR	2009 EUR
Net sales	65,149,068	53,574,211	92,698,772	76,229,235
Cost of goods sold	(30,076,930)	(26,881,534)	(42,795,616)	(38,248,977)
Gross profit	35,072,138	26,692,677	49,903,156	37,980,258
Selling expenses	(17,820,659)	(14,858,102)	(25,356,513)	(21,141,174)
Administrative expenses	(7,033,751)	(6,814,185)	(10,008,126)	(9,695,712)
Other operating income	3,471,375	82,264	4,939,322	117,051
Other operating expenses	(4,744,978)	(1,937,816)	(6,751,495)	(2,757,264)
Changes in fair value	-	1,287,886	-	1,832,497
Interest income and similar income	87,029	41,223	123,831	58,655
Interest expense and similar expense	(240,241)	(195,884)	(341,832)	(278,718)
Real estate tax	(89,263)	(83,105)	(127,010)	(118,248)
Profit before taxation	8,701,650	4,214,958	12,381,332	5,997,345
Corporate income tax	(1,598,436)	(645,546)	(2,274,370)	(918,529)
NET PROFIT FOR THE PERIOD	7,103,214	3,569,412	10,106,963	5,078,816
Attributable to:				
Equity holders of the parent	7,102,656	3,568,060	10,106,169	5,076,892
No controlling interest	588	1,352	837	1,924
TOTAL	7,103,214	3,569,412	10,106,963	5,078,816
Earnings per share attributable equity holders of the parent				
- Basic earnings per share	0.74	0.37	1.05	0.53
- Diluted earnings per share	0.74	0.37	1.05	0.53

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserves	Foreign currency translation reserve	Accumulated profit	Equity attributable to equity holders of the parent	Non-controlling 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	-	-	-	-	7,102,656	7,102,656	558	7,103,214
Foreign currency revaluation	-	-	-	163,254	-	163,254	-	163,254
As of 31.12.2010	9,585,000	15,687,750	464,905	45,282	32,682,788	58,465,725	56,020	58,521,745

	Share capital	Share premium	Other reserves	Foreign currency translation reserve	Accumulated profit	Equity attributable to equity holders of the parent	Non-controlling 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	-	-	-	-	10,106,169	10,106,169	794	10,106,963
Foreign currency revaluation	-	-	-	232,289	-	232,289	-	232,289
As of 31.12.2010	13,638,226	22,321,657	661,500	64,431	46,503,418	83,189,232	79,709	83,268,941

STATEMENT OF CASH FLOWS

	2010 LVL	2009 LVL	2010 EUR	2009 EUR
OPERATING ACTIVITIES				
Net profit before taxation	8,701,650	4,214,958	12,381,332	5,997,345
<i>Adjustments to reconcile net profit to net cash provided by operating activities:</i>				
Depreciation and amortisation	2,799,176	2,500,129	3,982,869	3,557,363
Loss / (gain) on disposal of fixed assets and intangible assets	705,325	1,716	1,003,587	2,442
Changes in fair value	-	(1,287,886)	-	(1,832,497)
Income from EU funding	(330,048)	(125,629)	(469,616)	(178,754)
Interest income	(87,029)	(41,223)	(123,831)	(58,655)
Interest expense	240,241	195,884	341,832	278,718
<i>Changes in operating assets and liabilities:</i>				
Inventory	(181,817)	(3,406,661)	(258,702)	(4,847,242)
Debtors	(5,738,893)	(3,925,246)	(8,165,709)	(5,585,122)
Creditors	(2,163,078)	4,455,759	(3,077,783)	6,339,974
Gross cash provided by operating activities	3,945,527	2,581,801	5,613,979	3,673,572
Corporate income tax paid	475,162	(1,345,324)	676,095	(1,914,224)
Interest income	40	1,391	57	1,979
Net cash provided by (used in) operating activities	4,420,729	1,237,868	6,290,131	1,761,327
INVESTING ACTIVITIES				
Purchase of fixed assets and intangible assets	(6,962,557)	(4,410,220)	(9,906,826)	(6,275,178)
Proceeds from sale of fixed assets	51,830	6,187	73,747	8,803
Repaid loans	(267,271)	(1,368,066)	(380,292)	(1,946,582)
Received loans	18,931	6,306	26,936	8,973
Net cash used in investing activities	(7,159,067)	(5,765,793)	(10,186,435)	(8,203,984)
FINANCING ACTIVITIES				
Received loans from credit institutions	3,323,937	5,346,133	4,729,536	7,606,862
Repaid loans to credit institutions	(2,362,602)	(1,374,708)	(3,361,680)	(1,956,033)
Income from EU funding	2,425,338	-	3,450,945	-
Interest paid	(240,241)	(195,884)	(341,832)	(278,718)
Net cash provided by financing activities	3,146,432	3,775,541	4,476,969	5,372,111
Net (decrease)/ increase in cash and cash equivalents	408,094	(752,384)	580,666	(1,070,546)
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	524,506	116,412	746,305	165,639

NOTES

OTHER DEBTORS

	31.12.2010. LVL	31.12.2009. LVL	31.12.2010. EUR	31.12.2009. EUR
Tax receivables	259,274	1,513,883	368,914	2,154,061
Other	4,177,095	1,918,770	5,943,471	2,730,165
Total	4,436,369	3,432,653	6,312,385	4,884,226

CASH AND CASH EQUIVALENTS

	31.12.2010. LVL	31.12.2009. LVL	31.12.2010. EUR	31.12.2009. EUR
Cash in bank	519,374	102,737	739,003	146,182
Cash on hand	5,132	13,675	7,302	19,457
Total	524,506	116,412	746,305	165,639

LOANS FROM CREDIT INSTITUTIONS

	31.12.2010. LVL	31.12.2009. LVL	31.12.2010. EUR	31.12.2009. EUR
Credit line from JSC "Swedbank", Latvia	2,309,683	3,261,314	3,286,383	4,640,432
Credit line from JSC "SEB bank", Latvia	2,569,131	2,803,608	3,655,544	3,989,175
JSC "SEB bank", Latvia	1,325,611	-	1,886,175	-
JSC "Swedbank", Latvia	632,524	632,524	900,000	900,000
JSC "Swedbank", Latvia	354,213	354,213	504,000	504,000
JSC "Swedbank", Latvia	189,756	189,756	269,998	269,998
JSC "Swedbank", Latvia	223,620	-	318,182	-
JSC "Swedbank", Latvia	235,255	-	334,738	-
Current loans from credit institutions	7,839,793	7,241,415	11,155,020	10,303,605
JSC "Swedbank", Latvia	1,740,884	-	2,477,055	-
JSC "Swedbank", Latvia	1,124,179	-	1,599,563	-
JSC "Swedbank", Latvia	474,392	1,106,916	674,999	1,575,000
JSC "Swedbank", Latvia	215,151	569,364	306,132	810,132
JSC "Swedbank", Latvia	133,220	322,978	189,555	459,556
JSC "SEB bank", Latvia	-	1,325,611	-	1,886,174
Non-current loans from credit institutions	3,687,826	3,324,869	5,247,304	4,730,862
Total	11,527,619	10,566,284	16,402,324	15,034,467

TAX LIABILITIES

	31.12.2010. LVL	31.12.2009. LVL	31.12.2010. EUR	31.12.2009. EUR
Social security payments	170,196	150,501	242,167	214,144
Personal income tax	93,255	88,153	132,690	125,430
Corporate income tax	677,672	847	964,240	1,206
Other	22,880	14,126	32,556	20,099
Total	964,003	253,627	1,371,653	360,879

NET SALES

	2010 LVL	2009 LVL	2010 EUR	2009 EUR
Russia	38,275,766	29,415,240	54,461,508	41,854,116
Other CIS countries	21,870,085	19,054,788	31,118,327	27,112,521
Other countries	8,283,274	6,003,004	11,786,037	8,541,505
Latvia	3,501,905	2,902,352	4,982,762	4,129,675
Lithuania	2,023,282	1,823,443	2,878,871	2,594,526
Estonia	1,172,303	1,086,348	1,668,037	1,545,734
Other income	44,131	10,869	62,793	15,465
Gross sales	75,170,746	60,296,044	106,958,335	85,793,542
Less discounts				
Russia	(7,043,696)	(5,154,172)	(10,022,276)	(7,333,726)
Other CIS countries	(2,751,726)	(1,322,261)	(3,915,353)	(1,881,408)
Latvia	(91,670)	(109,649)	(130,435)	(156,016)
Other countries	(66,704)	(58,124)	(94,911)	(82,703)
Lithuania	(26,161)	(41,696)	(37,224)	(59,328)
Estonia	(41,721)	(35,931)	(59,364)	(51,126)
Discounts total	(10,021,678)	(6,721,833)	(14,259,563)	(9,564,307)
Total, net	65,149,068	53,574,211	92,698,772	76,229,235

COST OF GOODS SOLD

	2010 LVL	2009 LVL	2010 EUR	2009 EUR
Goods purchased for resale	10,826,159	6,959,700	15,404,236	9,902,761
Raw materials and packing	9,729,967	8,395,950	13,844,496	11,946,361
Direct labour and social security payments	5,462,607	6,338,077	7,772,590	9,018,271
Research costs	2,710,105	2,644,094	3,856,132	3,762,207
Depreciation of fixed assets and amortization of intangible assets	2,153,769	1,870,540	3,064,537	2,661,539
Electricity resource expenses	1,017,314	1,012,019	1,447,507	1,439,973
Machinery, buildings and equipment repairs	564,516	627,110	803,234	892,297
Household expenses	190,832	222,762	271,529	316,962
Transport	109,758	113,591	156,172	161,625
Rent of work clothing	65,957	98,904	93,848	140,728
Waste disposal	59,583	56,510	84,779	80,406
Other	927,874	1,094,059	1,320,247	1,556,706
Internal turnover of self-manufactured raw materials	(3,741,511)	(2,551,782)	(5,323,691)	(3,630,859)
Total	30,076,930	26,881,534	42,795,616	38,248,977

SELLING AND DISTRIBUTION COSTS

	2010 LVL	2009 LVL	2010 EUR	2009 EUR
Advertising	10,853,171	8,082,765	15,442,671	11,500,738
Expenses of representative offices	1,932,482	1,929,137	2,749,674	2,744,915
Salaries and social security payments	1,499,439	1,685,667	2,133,509	2,398,488
Distribution expenses for goods	554,777	455,187	789,377	647,673
Patents	500,533	441,662	712,194	628,428
Depreciation of fixed assets and amortisation of intangible assets	285,976	249,070	406,907	354,395
Registration costs for medicine	226,628	334,379	322,463	475,778
Commissions	194,887	116,713	277,299	166,068
Freight insurance	32,722	28,768	46,559	40,933
Other	1,740,044	1,534,754	2,475,860	2,183,758
Total	17,820,659	14,858,102	25,356,513	21,141,174

ADMINISTRATIVE EXPENSES

	2010	2009	2010	2009
	LVL	LVL	EUR	EUR
Salaries and social security payments	3,844,759	3,407,831	5,470,599	4,848,907
Depreciation of fixed assets and amortisation of intangible assets	352,611	381,796	501,720	543,247
Professional services	264,332	104,183	376,111	148,239
Security costs	201,038	234,312	286,051	333,396
Transport	147,505	183,137	209,881	260,580
Personnel training and hiring expenses	144,939	320,627	206,230	456,211
Employee insurance	144,466	225,213	205,557	320,449
Bank charges	105,503	69,006	150,117	98,187
Electricity	100,190	161,928	142,558	230,403
Computers maintenance	95,518	86,349	135,910	122,864
Business trips	76,636	73,122	109,043	104,043
Development and implementation of documents management system	50,665	59,128	72,090	84,132
Property and liability insurance	35,305	39,768	50,234	56,585
Communication expense	28,490	40,108	40,538	57,069
Other	1,441,794	1,427,677	2,051,487	2,031,400
Total	7,033,751	6,814,185	10,008,126	9,695,712

Currency exchange for the EUR – 0.702804

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

Chairman of the Board
25 February 2011

Janis Romanovskis