

Joint Stock Company “Grindeks”

*Non-audited consolidated financial statements
for the periods ended 30 September, 2011
and 30 September, 2010
prepared in accordance with International
Financial Reporting Standards*

CONTENTS

ANCILLARY INFORMATION	3
THE BOARD AND THE SUPERVISORY COUNCIL	4
MAJOR SHAREHOLDERS	5
MANAGEMENT REPORT	6-7
STATEMENT OF BOARD'S RESPONSIBILITIES	8
CONSOLIDATED FINANCIAL STATEMENTS:	
Statements of financial position	9-10
Statements of comprehensive income	11
Statement of changes in equity	12
Statement of cash flows	13
NOTES	14-17

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 products, medical products and phyto-chemical medicines
Legal address	53 Krustpils Street Riga, LV – 1057 Latvia
Subsidiaries	JSC “Tallinn Pharmaceutical Plant” (100%) 33 Tondi 11316, Tallinn, Estonia JSC “Kalceks” (98.67%) 53 Krustpils str. Riga, LV - 1057, Latvia “Namu apsaimniekosanas projekti” Ltd. (100%) 53 Krustpils str. Riga, LV - 1057, Latvia “Grindeks Rus” Ltd. (100%) 74/3 Warsaw str. 117556, Moscow, Russia
Reporting period	1 January 2011 – 30 September 2011
Previous reporting period	1 January 2010 – 30 September 2010

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
Vadims Rabša	Board member	0.00
Lipmans Zeligmans	Board member	0.00

**Latvian Central Depository data as of 14 June, 2011*

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
Jānis Naglis	Member of the Supervisory Council	0.00
Anna Lipmane	Member of the Supervisory Council	16.69

**Latvian Central Depository data as of 14 June, 2011*

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
Jānis Naglis	Member of the Supervisory Council	0.00
Ivars Kalviņš	Member of the Supervisory Council	0.18

**Latvian Central Depository data as of 14 June, 2011*

MAJOR SHAREHOLDERS

The shareholders as of 14 June, 2011 and 31 December, 2010 were as follows (*Latvian Central Depository* data):

	Percentage holding (%) 14.06.2011	Percentage holding (%) 31.12.2010
Kirovs Lipmans	33.29	33.29
Anna Lipmane	16.69	16.69
Skandinaviska Enskilda banken	12.42	10.62
„AB.LV Private equity fund 2010”	11.38	11.38
Swedbank AS Clients Account	6.87	7.10
Other shareholders	19.35	20.92
Total	100.00	100.00

MANAGEMENT REPORT

Mode of activity

In the accounting period the Group of “Grindeks” consisted of the 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 business activity of the Group is research, development, manufacturing and sales of original products, generics and active pharmaceutical ingredients.

Group’s business activity during the accounting period

Turnover of the Group amounted to 48.9 million lats in the first nine months of 2011, which is by 2 million lats or 4.3% more than during the first nine months of 2010. In its turn, net profit of the Group, related to the shareholders of the holding company, amounted to 5.85 million lats in the accounting period, which is by 0.65 million lats or 12.5% more in comparison with the first nine months of 2010. In the first nine months of 2011, gross profit margin of the Group was 61.5%, whereas, net profit margin comprised 12%. Products of the Group, manufactured during the accounting period, were exported to 48 states worldwide for the total amount of 46.1 million lats.

Sales of final dosage forms and active pharmaceutical ingredients

In the first nine months of 2011, sales volume of the final dosage forms of “Grindeks” was 41.7 million lats, which is by 0.8 million lats or 2% more than in the comparable accounting period of 2010. The main markets for the final dosage forms are Russia, other CIS countries, Georgia and the Baltic States. The most demanded products of “Grindeks” are the brand product Mildronate®, ointments Capsicam® and Viprosal B®. In the first nine months of 2011, sales volume in Russia, other CIS countries and Georgia was 35.5 million lats and remained at the same level as in the same period last year. In its turn, sales volume of the final dosage forms in the Baltic States and other European countries reached 6.2 million lats, which is by 1 million lats or 19.2% more than in the first nine months of 2010.

In the first nine months of 2011, sales of the active pharmaceutical ingredients reached 7.2 million lats, which is by 1.2 million lats or 20% more than in the first nine months of 2010. The main active pharmaceutical ingredient markets for “Grindeks” are Germany, the Netherlands, Japan and the USA. The most demanded pharmaceutical ingredients are: the UDCA (ursodeoxycholic acid) and oxitocine.

The demand for the active pharmaceutical ingredient zopiclone, developed by our own resources, and the final dosage form manufactured from it – the sedative-hypnotic medication Somnols® – confirms that “Grindeks” has competence in the vertically integrated solutions.

Investment program

“Grindeks” continues establishment of the manufacturing unit for ethanol-based gels and ointments. The new production unit is located in the territory of the company in Riga, 53 Krustpils street. The total planned investment of the project – 1.28 million lats. Thanks to the new manufacturing unit, the company’s product range will be extended with ethanol-based gels and ointments. For the establishment of the manufacturing unit the necessary equipment for smelting, manufacture and packaging will be purchased and it will ensure output up to 20 million units (tubes) per year.

Quality and environmental protection

In the first nine months of 2011, “Grindeks” successfully passed several significant client audits on droperidol, oxitocin and milnacipran pharmaceutical ingredients, as well as the milnacipran final dosage form’s production’s compliance with the Good Manufacturing Practice standard. Inspections by the Latvian and Estonian State Agencies of Medicines were concluded, and Good Manufacturing Practice (GMP) certificate was issued for veterinary products, UDCA and other two active pharmaceutical ingredients – ipidakrine and imatinib. ISO 9001 and 14001 supervisory audit was successfully carried out. Also the water resources control inspection held by “Rigas udens” Ltd. (Riga Water Municipal Enterprise) was successfully passed. In its turn, specialists of “Grindeks” audited companies in Lithuania, Italy, Israel and Russia.

Development of “Grindeks” share price in the first nine months of 2011 (Data of “NASDAQ OMX Riga”)

Since 2 January 2006 “Grindeks” shares have been listed in the Official list of “NASDAQ OMX Riga”. Fluctuation of “Grindeks” share price on “NASDAQ OMX Riga” during the first nine months of 2011 was within the limits from 4.90 lats to 7.35 lats per share. In the first nine months of 2011 the average price of “Grindeks” shares was 6.47 lats. Total quantity of “Grindeks” shares, traded in “NASDAQ OMX Riga” during the first nine months of 2011, was 994 827 shares, reaching the turnover of 6.2 million lats. As of 30 September, 2011 the market capitalization of “Grindeks” shares was 48.9 million lats.



The Group's earnings per share (EPS ratio) during the first nine months of 2011 amounted to 0.61 lats as compared with 0.54 lats during the first nine months of 2010.

Future expectations

One of the priorities of "Grindeks" is a product portfolio expansion, and currently 28 new final dosage forms are in various stages of development. These include both over-the-counter, and prescription generics, which are gradually being introduced for sale. Every year, "Grindeks" introduces 4-5 new generics.

Using its uniqueness, "Grindeks" will increasingly focus its attention on solutions that will allow using the vertical integration benefits – active pharmaceutical ingredients developed and manufactured by its own resources, from which then final dosage products will be manufactured and marketed. Thus, high quality and cost effective solutions will be created. One of the projects initiated is the UDCA final dosage form development and registration.

Similarly, the company will strictly follow the costs by reducing expenses and increasing their returns.

Board members of JSC „Grindeks”:

L.Zeligmans

V.Rabsa

24 november, 2011

STATEMENT OF THE MANAGEMENT RESPONSIBILITIES

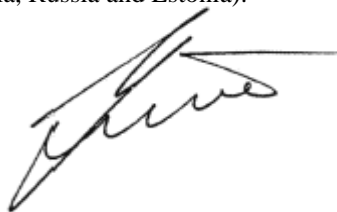
The Board of JSC "Grindeks" (hereinafter - the Company) is bearing the responsibility for preparation of the consolidated interim financial statements of the Company and its subsidiaries (hereinafter - the Group). The interim financial statements of the Group are not audited.

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, 2011 and the results of its operations and cash flows for the period of nine months ended 30 September, 2011.

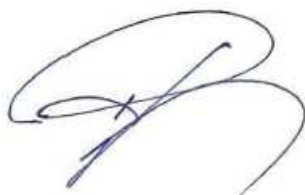
Above mentioned consolidated interim financial statements are prepared in accordance with the International Financial Reporting Standards, reposing on the principle of business activities continuation. Appropriate accounting policies have been applied on a consistent basis. The management in preparation 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).

Board members of JSC „Grindeks”:



L.Zeligmans



V.Rabsa

24 november, 2011

STATEMENT OF FINANCIAL POSITION

	30.09.2011. LVL	30.09.2010. LVL	30.09.2011. EUR	30.09.2010. EUR
ASSETS				
Non-current assets				
Intangible assets				
Software, patents, licenses, trademarks and other rights	695,336	698,231	989,374	993,494
Advance payments for intangible assets	160,339	152,539	228,142	217,043
Total intangible assets	855,675	850,770	1,217,516	1,210,537
Tangible fixed assets				
Land, buildings and constructions	17,128,723	14,072,643	24,371,977	20,023,567
Equipment and machinery	12,459,732	9,291,418	17,728,601	13,220,497
Other fixed assets	770,751	778,578	1,096,680	1,107,817
Advance payments for fixed assets	3,899,320	2,963,649	5,548,233	4,216,892
Construction in progress	1,486,283	7,084,398	2,114,790	10,080,190
Total tangible fixed assets	35,744,809	34,190,686	50,860,281	48,648,963
Investment property	4,882,200	4,882,200	6,946,745	6,946,745
Non current financial investments				
Investment in associates	-	25,720	-	36,596
Other investments	22,220	-	31,616	-
Other non current assets	1,706,860	2,000,135	2,428,643	2,845,936
Loan for the partner and management	896,075	973,886	1,275,000	1,385,715
Total long term financial investments	2,625,155	2,999,741	3,735,259	4,268,247
Total non current financial assets	44,107,839	42,923,397	62,759,801	61,074,492
Current assets				
Inventories				
Raw materials	3,250,062	2,831,657	4,624,422	4,029,085
Unfinished goods	1,990,846	2,158,524	2,832,718	3,071,303
Finished goods and goods for resale	6,995,501	6,622,730	9,953,701	9,423,296
Total inventory	12,236,409	11,612,911	17,410,841	16,523,684
Debtors				
Trade receivables	26,138,099	23,587,576	37,191,164	33,562,097
Other debtors	5,971,175	3,176,188	8,496,217	4,519,308
Other investments	772,824	717,763	1,099,629	1,021,285
Deferred expenses	100,374	114,103	142,820	162,354
Total debtors	32,982,472	27,595,630	46,929,830	39,265,044
Cash and cash equivalents	569,760	854,425	810,695	1,215,737
Total current assets	45,788,641	40,062,966	65,151,366	57,004,465
TOTAL ASSETS	89,896,480	82,986,363	127,911,167	118,078,957

EQUITY AND LIABILITIES	30.09.2011. LVL	30.09.2010. LVL	30.09.2011. EUR	30.09.2010. EUR
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	32,692,830	25,580,132	46,517,706	36,397,249
b) foreign currency revaluation	35,361	(100,713)	50,314	(143,302)
c) current year profit	5,848,227	5,175,920	8,321,277	7,364,671
Equity attributable to equity holders of the parent	64,314,073	56,392,994	91,510,681	80,240,001
No controlling interest	55,825	55,271	79,432	78,644
Total equity	64,369,898	56,448,265	91,590,113	80,318,645
LIABILITIES				
Long-term liabilities				
Loans from credit institutions	6,023,518	6,645,807	8,570,694	9,456,131
Finance lease liabilities	879,664	1,076,080	1,251,649	1,531,124
Deferred income	3,056,775	3,499,831	4,349,400	4,979,811
Deferred tax liabilities	1,993,312	1,827,506	2,836,227	2,600,307
Total non-current liabilities	11,953,269	13,049,224	17,007,970	18,567,373
Current liabilities				
Loans from credit institutions	6,987,876	5,694,781	9,942,852	8,102,943
Finance lease liabilities	69,388	77,604	98,730	110,421
Advances from customers	85,544	25,524	121,718	36,317
Trade accounts payable	4,494,082	5,972,101	6,394,503	8,497,534
Taxes and social security liabilities	1,063,975	1,028,701	1,513,900	1,463,710
Other payables	399,816	354,352	568,886	504,198
Deferred income	360,958	112,367	513,597	159,884
Accrued liabilities	111,674	223,444	158,898	317,932
Total current liabilities	13,573,313	13,488,874	19,313,084	19,192,939
Total liabilities	25,526,582	26,538,098	36,321,054	37,760,312
TOTAL EQUITY AND LIABILITIES	89,896,480	82,986,363	127,911,167	118,078,957

STATEMENTS OF COMPREHENSIVE INCOME

	2011 January- September LVL	2010 January- September LVL	2011 January- September EUR	2010 January- September EUR
Net sales	48,886,199	46,874,924	69,558,794	66,697,008
Cost of goods sold	(18,817,383)	(21,277,408)	(26,774,724)	(30,275,024)
Gross profit	30,068,816	25,597,516	42,784,070	36,421,984
Selling expenses	(14,209,707)	(12,202,116)	(20,218,592)	(17,362,047)
Administrative expenses	(5,631,514)	(5,290,540)	(8,012,923)	(7,527,760)
Other operating income	652,023	3,955,966	927,746	5,628,833
Other operating expenses	(3,781,958)	(5,291,386)	(5,381,241)	(7,528,964)
Interest income and similar income	84,093	26,159	119,654	37,221
Interest expense and similar expense	(214,145)	(235,005)	(304,701)	(334,382)
Real estate tax	(60,053)	(68,760)	(85,448)	(97,837)
Profit before taxation	6,907,555	6,491,834	9,828,565	9,237,048
Corporate income tax	(1,059,523)	(1,316,105)	(1,507,565)	(1,872,649)
NET PROFIT FOR THE PERIOD	5,848,032	5,175,729	8,321,000	7,364,399
Other comprehensive income				
Foreign currency revaluation	(9,921)	17,259	(14,116)	24,557
Other comprehensive income total	(9,921)	17,259	(14,116)	24,557
Comprehensive income total	5,838,111	5,192,988	8,306,884	7,388,956
Attributable to:				
Equity holders of the parent	5,848,227	5,175,920	8,321,277	7,364,671
No controlling interest	(195)	(191)	(277)	(272)
TOTAL	5,848,032	5,175,729	8,321,000	7,364,399
Comprehensive income attributable of:				
Equity holders of the parent	5,838,306	5,193,179	8,307,161	7,389,228
No controlling interest	(195)	(191)	(277)	(272)
Total	5,838,111	5,192,988	8,306,884	7,388,956
Earnings per share attributable equity holders of the parent (LVL per share)				
- Basic earnings per share	0.61	0.54	0.87	0.77
- Diluted earnings per share	0.61	0.54	0.87	0.77

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserves	Foreign currency translation reserve	Retained profit	Equity attributable to equity holders of the parent	No controlling interest	Total
	LVL	LVL	LVL	LVL	LVL	LVL	LVL	LVL
As of 31.12.2010	9,585,000	15,687,750	464,905	45,282	32,692,830	58,475,767	56,020	58,531,787
Profit for the period	-	-	-	-	5,848,227	5,848,227	(195)	5,848,032
Foreign currency revaluation	-	-	-	(9,921)	-	(9,921)	-	(9,921)
As of 30.09.2011	9,585,000	15,687,750	464,905	35,361	38,541,057	64,314,073	55,825	64,369,898

	Share capital	Share premium	Other reserves	Foreign currency translation reserve	Retained profit	Equity attributable to equity holders of the parent	No controlling interest	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
As of 31.12.2010	13,638,226	22,321,657	661,500	64,430	46,517,706	83,203,520	79,709	83,283,230
Profit for the period	-	-	-	-	8,321,277	8,321,277	(277)	8,321,000
Foreign currency revaluation	-	-	-	(14,116)	-	(14,116)	-	(14,116)
As of 30.09.2011	13,638,226	22,321,657	661,500	50,314	54,838,984	91,510,681	79,432	91,590,113

STATEMENT OF CASH FLOWS

	2011 January- September LVL	2010 January- September LVL	2011 January- September EUR	2010 January- September EUR
OPERATING ACTIVITIES				
Net profit before taxation	6,907,555	6,491,834	9,828,565	9,237,048
<i>Adjustments to reconcile net profit to net cash provided by operating activities:</i>				
Depreciation and amortisation	2,117,709	2,094,760	3,013,228	2,980,575
(Gain) / loss on disposal of fixed assets and intangible assets	1,057	704,447	1,504	1,002,338
Income from EU funding	(137,949)	(298,759)	(196,284)	(425,096)
Interest income	(84,093)	(26,159)	(119,654)	(37,221)
Interest expense	214,145	235,005	304,701	334,382
<i>Changes in operating assets and liabilities:</i>				
Inventory	(1,490,743)	(1,049,062)	(2,121,136)	(1,492,681)
Debtors	(3,745,389)	(4,097,449)	(5,329,208)	(5,830,145)
Creditors	(1,132,991)	(2,001,453)	(1,612,100)	(2,847,810)
Gross cash provided by operating activities	2,649,301	2,053,164	3,769,616	2,921,390
Corporate income tax paid	113	39	161	55
Interest income received	(1,186,728)	475,162	(1,688,562)	676,095
Net cash provided by (used in) operating activities	1,462,686	2,528,365	2,081,215	3,597,540
INVESTING ACTIVITIES				
Purchase of fixed assets and intangible assets	(2,735,141)	(5,498,093)	(3,891,755)	(7,823,082)
Proceeds from sale of fixed assets	-	10,375	-	14,762
Purchase of long term financial investments	-	(267,271)	-	(380,292)
Net cash used in investing activities	(2,735,141)	(5,754,989)	(3,891,755)	(8,188,612)
FINANCING ACTIVITIES				
Received loans from credit institutions	9,116,652	3,323,938	12,971,827	4,729,538
Repaid loans to credit institutions	(7,632,877)	(1,549,634)	(10,860,606)	(2,204,931)
EU funding	48,079	2,425,338	68,410	3,450,945
Interest paid	(214,145)	(235,005)	(304,701)	(334,382)
Net cash (used in) /provided by financing activities	1,317,709	3,964,637	1,874,930	5,641,170
Net increase / (decrease) in cash and cash equivalents	45,254	738,013	64,390	1,050,098
Cash and cash equivalents at the beginning of the year	524,506	116,412	746,305	165,639
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	569,760	854,425	810,695	1,215,737

NOTES

OTHER DEBTORS

	30.09.2011. LVL	30.09.2010. LVL	30.09.2011. EUR	30.09.2010. EUR
Tax receivables	529,457	548,138	753,349	779,930
Other	5,441,718	2,628,050	7,742,868	3,739,378
Total	5,971,175	3,176,188	8,496,217	4,519,308

CASH AND CASH EQUIVALENTS

	30.09.2011. LVL	30.09.2010. LVL	30.09.2011. EUR	30.09.2010. EUR
Cash in bank	566,113	848,767	805,506	1,207,686
Cash on hand	3,647	5,658	5,189	8,051
Total	569,760	854,425	810,695	1,215,737

LOANS FROM CREDIT INSTITUTIONS

	30.09.2011. LVL	30.09.2010. LVL	30.09.2011. EUR	30.09.2010. EUR
Credit line from JSC "SEB Bank", Latvia	3,487,506	2,387,596	4,962,274	3,397,243
Credit line from Nordea bank, Latvia	3,419,210	-	4,865,098	-
JSC "SEB Bank", Latvia	81,160	-	115,480	-
Credit line from JSC "Swedbank", Latvia	-	3,010,064	-	4,282,935
JSC "Swedbank", Latvia	-	161,130	-	229,267
JSC "Swedbank", Latvia	-	88,554	-	126,001
JSC "Swedbank", Latvia	-	47,437	-	67,497
Current loans from credit institutions	6,987,876	5,694,781	9,942,852	8,102,943
Nordea bank, Latvia	3,373,459	-	4,800,000	-
Nordea bank, Latvia	1,405,608	-	2,000,000	-
JSC "SEB Bank", Latvia	1,244,451	1,325,611	1,770,694	1,886,175
JSC "Swedbank", Latvia	-	1,976,140	-	2,811,794
JSC "Swedbank", Latvia	-	1,347,798	-	1,917,744
JSC "Swedbank", Latvia	-	1,103,916	-	1,570,731
JSC "Swedbank", Latvia	-	569,364	-	810,132
JSC "Swedbank", Latvia	-	322,978	-	459,555
Non-current loans from credit institutions	6,023,518	6,645,807	8,570,694	9,456,131
Total	13,011,394	12,340,588	18,513,546	17,559,074

TAX LIABILITIES

	30.09.2011. LVL	30.09.2010. LVL	30.09.2011. EUR	30.09.2010. EUR
Social security payments	313,512	281,134	446,087	400,018
Personal income tax	210,318	142,702	299,256	203,047
Corporate income tax	522,583	382,942	743,569	544,877
Other	17,562	221,923	24,988	315,768
Total	1,063,975	1,028,701	1,513,900	1,463,710

NET SALES

	2011 January- September LVL	2010 January- September LVL	2011 January- September EUR	2010 January- September EUR
Russia	26,973,462	26,884,361	38,379,779	38,252,999
Other CIS countries	16,063,402	16,380,733	22,856,162	23,307,683
Other countries	6,141,594	6,558,483	8,738,701	9,331,881
Latvia	2,819,277	2,473,889	4,011,470	3,520,027
Lithuania	1,748,297	1,389,491	2,487,603	1,977,068
Estonia	1,014,134	849,738	1,442,983	1,209,068
Other	66,775	8,191	95,010	11,655
Gross sales	54,826,941	54,544,886	78,011,708	77,610,381
Less discounts				
Russia	(4,297,099)	(5,038,341)	(6,114,221)	(7,168,913)
Other CIS countries	(1,470,286)	(2,479,318)	(2,092,029)	(3,527,752)
Latvia	(70,137)	(62,617)	(99,796)	(89,096)
Lithuania	(62,897)	(48,740)	(89,494)	(69,351)
Estonia	(24,180)	(18,216)	(34,405)	(25,919)
Other countries	(16,143)	(22,730)	(22,969)	(32,342)
Discounts total	(5,940,742)	(7,669,962)	(8,452,914)	(10,913,373)
Total, net	48,886,199	46,874,924	69,558,794	66,697,008

COST OF GOODS SOLD

	2011 January- September LVL	2010 January- September LVL	2011 January- September EUR	2010 January- September EUR
Raw materials and packaging	8,405,089	7,049,036	11,959,364	10,029,875
Direct labour and social security payments	4,834,033	4,079,873	6,878,209	5,805,136
Goods purchased for resale	2,961,963	7,229,688	4,214,494	10,286,919
Depreciation of fixed assets and amortisation of intangible assets	1,611,204	1,582,769	2,292,537	2,252,077
Research costs	1,212,060	2,175,255	1,724,606	3,095,109
Electricity resource expenses	811,368	700,042	1,154,473	996,070
Machinery, buildings and equipment repairs	461,234	497,924	656,277	708,482
Household expenses	143,230	148,207	203,798	210,880
Transport	98,750	82,052	140,509	116,749
Waste disposal	59,951	39,014	85,303	55,512
Rent of work clothing	53,005	48,682	75,419	69,268
Other	910,421	459,793	1,295,411	654,227
Internal turnover of self-manufactured raw materials	(2,744,925)	(2,814,927)	(3,905,676)	(4,005,280)
Total	18,817,383	21,277,408	26,774,724	30,275,024

SELLING AND DISTRIBUTION COSTS

	2011 January- September LVL	2010 January- September LVL	2011 January- September EUR	2010 January- September EUR
Advertising	8,406,979	6,972,284	11,962,053	9,920,666
Expenses of representative offices	1,795,863	1,455,721	2,555,283	2,071,304
Salaries and social security payments	1,349,579	1,153,715	1,920,278	1,641,589
Distribution expenses for goods	440,543	384,044	626,836	546,445
Patents	310,259	364,747	441,459	518,988
Depreciation of fixed assets and amortisation of intangible assets	269,467	208,916	383,417	297,261
Registration costs for medicine	174,696	185,314	248,570	263,678
Commissions	109,262	136,912	155,466	194,808
Freight insurance	15,265	25,370	21,720	36,098
Other	1,337,794	1,315,093	1,903,510	1,871,210
Total	14,209,707	12,202,116	20,218,592	17,362,047

ADMINISTRATIVE EXPENSIS

	2011 January- September LVL	2010 January- September LVL	2011 January- September EUR	2010 January- September EUR
Administrative salaries and social security payments	3,244,266	2,861,460	4,616,175	4,071,491
Professional and consultancy services	332,749	184,919	473,459	263,116
Depreciation of fixed assets and amortisation of intangible assets	200,621	266,038	285,458	378,538
Security costs	143,787	152,573	204,590	217,092
Bank charges	127,265	75,184	181,082	106,977
Employee insurance	115,191	110,862	163,902	157,742
Transport	109,737	108,799	156,142	154,807
Business trips	87,916	58,609	125,093	83,393
Personnel training and hiring expenses	74,026	108,782	105,330	154,783
Electricity	73,484	57,274	104,558	81,494
Computers maintenance	59,224	73,318	84,268	104,322
Property and liability insurance	35,329	24,675	50,269	35,109
Communication expense	25,111	22,019	35,730	31,330
Other	1,002,808	1,186,028	1,426,867	1,687,566
Total	5,631,514	5,290,540	8,012,923	7,527,760

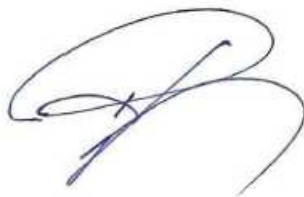
Currency exchange for the EUR – 0.702804

JSC “Grindex” hereby informs that there were no changes made in its accounting policy in January-September 2011. In non-audited financial accounts for the period January-September 2011 the Group has employed the same Accounting and Consolidation Principles as in the audited consolidated financial accounts for the year 2010, released on April 27, 2011.

Board members of JSC „Grindex”:



L.Zeligmans



V.Rabsa

24 november, 2011