

Grindex

Joint Stock Company “Grindeks”

*Non-audited consolidated financial statements
for the periods ended 31 March 2011 and
ended 31 March 2010
prepared in accordance with International
Financial Reporting Standards*

CONTENTS

ANCILLARY INFORMATION	3
THE BOARD AND THE SUPERVISORY COUNCIL	4
STRUCTURE OF SHAREHOLDERS	5
MANAGEMENT REPORT	6-7
STATEMENT OF BOARD`S RESPONSIBILITIES	8
Statements of financial position	9-10
Statements of comprehensive income	11
Statements of changes in shareholders' equity	12
Statements 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, 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 2011 – 31 March 2011
Previous reporting period	1 January 2010 – 31 March 2010

THE BOARD AND THE SUPERVISORY COUNCIL

Board of the Company

(In compliance with the election/dismissal dates)

From 13 October 2008 till 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 Rabsa	Board member	0.00
Lipmans Zeligmans	Board member	0.00

**Latvian Central Depository data as of 31 December 2010*

Supervisory Council of the Company

(In compliance with the election/dismissal dates)

From 22 February 2008 till 13 April 2010

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

From 13 April 2010 till 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*

From 25 May 2010 till 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*

STRUCTURE OF SHAREHOLDERS

The shareholders as of 31 December 2010 and 15 April 2010 were as follows (*Latvian Central Depository* data):

	Ownership interest (%) 31.12.2010.	Ownership interest (%) 15.04.2010.
Kirovs Lipmans	33.29	33.29
Anna Lipmane	16.69	16.69
AB.LV Private equity fund 2010	11.38	-
Skandinaviska Enskilda banken	10.62	10.22
Swedbank AS Clients Account	7.10	6.22
JSC Pharmstandard	-	11.30
Other shareholders	20.92	22.28
Total	100.00	100.00

MANAGEMENT REPORT

Mode of activity

In the reporting period the Group of “Grindeks” consisted of JSC “Grindeks” and its four subsidiaries: JSC “Tallinn Pharmaceutical Plant” 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 during the first quarter of 2011 amounted to 14 million lats, which is by 0.55 million lats or 4.1% more than in the first quarter of 2010. In its turn, the net profit of the Group related to the shareholders of the holding company amounted to 1.5 million lats in the reporting period, which is by 0.1 million lats more in comparison with the first three months of 2010. In the first quarter of 2011, the gross profit margin of the Group was 57.9%, whereas, the net profit margin comprised 10.7%. Products of the Group, manufactured during the reporting period, were exported to 41 countries worldwide for the total amount of 13.2 million lats.

Sales of final dosage forms

In the first quarter of 2011 the sales volume of the final dosage forms of “Grindeks” amounted to 12.45 million lats, which is by 0.17 million lats or 1.4% more than in the same reporting period of 2010. In the first quarter of 2011, the amount of “Grindeks” final dosage forms’ export to the main markets - Russia, other CIS countries and Georgia – remained at the level of the last year’s first quarter and was 10.4 million lats. In its turn, the turnover of the final dosage forms to the Baltic States and other European countries reached 2.05 million lats, which is by 0.32 million lats or 18.5% more than in the first quarter of 2010 .

Sales of active pharmaceutical ingredients

The main export markets for active pharmaceutical ingredients of “Grindeks” (hereinafter referred to as “APIs”) are Germany, Japan and the Netherlands. In the first three months of 2011 the APIs’ sales volume reached 1.55 million lats, which is by 0.38 million lats or 32.5% more than in the first quarter of 2010.

Investment program

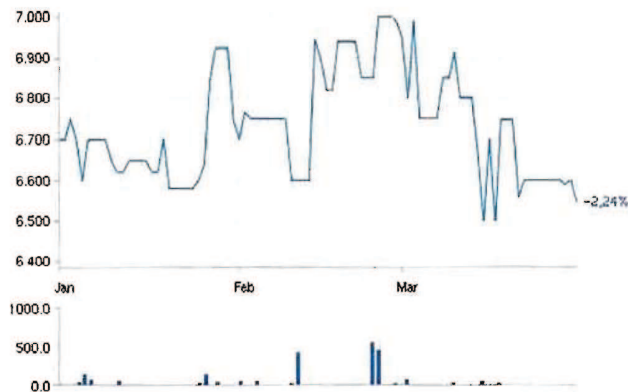
“Grindeks” continues to realize the major investment project - the construction of active pharmaceutical ingredient’s UDCA manufacturing unit. Construction of the new manufacturing unit was started in the middle of 2009, and now the project draws to a close. It is planned to invest almost 6 million lats in the project in total, of which 2.8 million lats are the co-financing of the European Regional Development Fund.

Quality and environmental protection

In the first quarter of 2011, “Grindeks” successfully passed two significant client audits on droperidol and oxytocin production’s compliance with the Good Manufacturing Practice standard. “Grindeks” also successfully passed water resources control by inspection of “Rigas udens” Ltd. (Riga Water Municipal Enterprise). In its turn, specialists of “Grindeks” carried out audits in Lithuania, Italy and Israel.

Development of “Grindeks” share price (data of “NASDAQ OMX Riga”)

Since 2 January 2006 “Grindeks” shares have been listed on the Official List of “NASDAQ OMX Riga”. Fluctuation of “Grindeks” share price on “NASDAQ OMX Riga” during the first quarter of 2011 was within the limits from 6.50 lats to 7.00 lats. In the first quarter of 2011, the average price of “Grindeks” shares was 6.73 lats. The total quantity of “Grindeks” shares, traded in “NASDAQ OMX Riga”, during the first quarter of 2011 was 329 982 shares, reaching the turnover of 2.23 million lats. At the end of the first quarter of 2011 the market capitalization of “Grindeks” shares was 62.78 million lats.



The Group's earnings per share (EPS ratio), during the first quarter of 2011, amounted to 0.16 lats as compared with 0.14 lats during the first quarter of 2010.

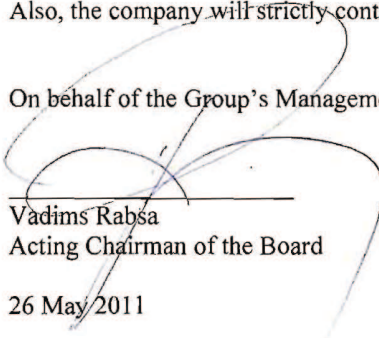
Future expectations

One of the "Grindeks" priorities is expansion of the product portfolio. Currently there are 28 new final dosage forms in different development stages. These include both over-the-counter and prescription generic medications, which are gradually being introduced in sale. Every year "Grindeks" is introducing 4-5 new generic medications.

Using its uniqueness, "Grindeks" will increasingly focus its attention on solutions that will allow to use the advantage of vertical integration – developed and manufactured APIs by own resources, from which will then be manufactured and marketed the finished medications. This will enable the high quality and cost-effective solutions.

Also, the company will strictly control the expenses by cost reduction and increasing their return.

On behalf of the Group's Management:


Vadims Rabsa
Acting Chairman of the Board

26 May 2011

STATEMENT OF BOARD`S RESPONSIBILITIES

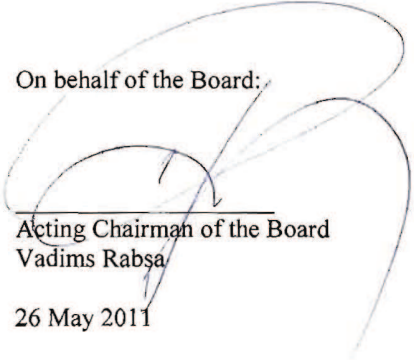
The Board of JSC "Grindeks" (hereinafter - the Company) is bearing the responsibility for preparation of the consolidated interim financial statements of the Company and its subsidiaries (hereinafter - the Group). The interim financial statements of the Group are not audited.

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 31 March 2011 and the results of its operations and cash flows for the period of three months ended 31 March 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).

On behalf of the Board:



Acting Chairman of the Board
Vadims Rabša

26 May 2011

STATEMENT OF FINANCIAL POSITION

	31.03.2011. LVL	31.03.2010. LVL	31.03.2011. EUR	31.03.2010. EUR
ASSETS				
Non-current assets				
Intangible assets				
Software, patents, licenses, trademarks and other rights	807,556	443,944	1,149,048	631,675
Advance payments for intangible assets	90,741	295,177	129,113	419,999
Total intangible assets	898,297	739,121	1,278,161	1,051,674
Tangible fixed assets				
Land, buildings and constructions	13,942,172	16,322,570	19,837,924	23,224,925
Equipment and machinery	8,834,289	9,831,428	12,570,061	13,988,862
Other fixed assets	822,196	805,117	1,169,880	1,145,578
Advance payments for fixed assets	4,697,528	2,059,728	6,683,980	2,930,729
Construction in progress	7,100,065	5,917,557	10,102,481	8,419,925
Total tangible fixed assets	35,396,250	34,936,400	50,364,326	49,710,019
Investment property	4,882,200	5,045,531	6,946,745	7,179,144
Non current financial investments				
Investment in associates	-	25,500	-	36,283
Other investments	25,720	-	36,596	-
Other non current assets	1,706,860	-	2,428,643	-
Loan for the partner and management	896,075	710,335	1,275,000	1,010,716
Total long term financial investments	2,628,655	735,835	3,740,239	1,046,999
Total non current financial assets	43,805,402	41,456,887	62,329,471	58,987,836
Current assets				
Inventories				
Raw materials	3,176,278	2,848,089	4,519,436	4,052,466
Unfinished goods	1,974,538	2,198,803	2,809,514	3,128,614
Finished goods and goods for resale	7,230,161	5,977,392	10,287,593	8,505,063
Total inventories	12,380,977	11,024,284	17,616,543	15,686,143
Debtors				
Trade receivables	23,864,176	21,540,769	33,955,663	30,649,753
Other debtors	3,694,669	4,079,587	5,257,040	5,804,729
Loan for the partner and management	846,245	741,893	1,204,098	1,055,619
Deferred expenses	142,130	83,032	202,234	118,144
Total debtors	28,547,220	26,445,281	40,619,035	37,628,245
Cash and cash equivalents	573,890	350,218	816,572	498,315
Total current assets	41,502,087	37,819,783	59,052,150	53,812,703
TOTAL ASSETS	85,307,489	79,276,670	121,381,621	112,800,539

	31.03.2011.	31.03.2010.	31.03.2011.	31.03.2010.
	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	32,692,830	25,580,132	46,517,706	36,397,249
b) foreign currency revaluation	3,260	(131,269)	4,639	(186,779)
c) current year profit	1,499,090	1,385,917	2,133,013	1,971,982
Equity attributable to equity holders of the parent	59,932,835	52,572,435	85,276,741	74,803,836
No controlling interest	56,852	55,689	80,893	79,238
Total equity	59,989,687	52,628,124	85,357,635	74,883,074
LIABILITIES				
Long-term liabilities				
Loans from credit institutions	3,728,933	6,645,807	5,305,794	9,456,131
Finance lease liabilities	879,664	1,076,080	1,251,649	1,531,124
Deferred income	3,056,775	1,084,826	4,349,399	1,543,568
Deferred tax liabilities	1,993,312	1,811,931	2,836,227	2,578,146
Total non-current liabilities	9,658,684	10,618,644	13,743,069	15,108,969
Current liabilities				
Loans from credit institutions	9,254,068	6,379,359	13,167,352	9,077,010
Finance lease liabilities	266,142	325,861	378,686	463,658
Advances from customers	47,571	31,246	67,687	44,459
Trade accounts payable	4,197,157	6,779,401	5,972,016	9,646,219
Taxes and social security liabilities	1,001,604	389,737	1,425,154	554,546
Other payables	324,801	1,775,969	462,151	2,526,977
Deferred income	446,238	258,890	634,939	368,367
Accrued liabilities	121,537	89,439	172,932	127,260
Total current liabilities	15,659,118	16,029,902	22,280,917	22,808,496
Total liabilities	25,317,802	26,648,546	36,023,986	37,917,465
TOTAL EQUITY AND LIABILITIES	85,307,489	79,276,670	121,381,621	112,800,539

SATEMENT OF COMPREHENSIVE INCOME

	2011 January- March LVL	2010 January- March LVL	2011 January- March EUR	2010 January- March EUR
Net sales	14,022,076	13,448,301	19,951,617	19,135,208
Cost of goods sold	(5,955,046)	(6,405,119)	(8,473,267)	(9,113,663)
Gross profit	8,067,030	7,043,182	11,478,350	10,021,545
Selling expenses	(4,879,038)	(4,107,891)	(6,942,246)	(5,845,002)
Administrative expenses	(1,261,679)	(1,637,512)	(1,795,207)	(2,329,970)
Other operating income	502,851	1,643,584	715,492	2,338,609
Other operating expenses	(680,782)	(1,208,276)	(968,666)	(1,719,222)
Interest income and similar income	23,593	1,158	33,570	1,648
Interest expense and similar expense	(61,081)	(72,830)	(86,910)	(103,628)
Real estate tax	(20,405)	(20,648)	(29,034)	(29,379)
Profit before taxation	1,690,489	1,640,767	2,405,349	2,334,601
Corporate income tax	(190,568)	(254,623)	(271,154)	(362,296)
NET PROFIT FOR THE PERIOD	1,499,921	1,386,144	2,134,195	1,972,305
Other comprehensive income				
Foreign currency revaluation	(42,022)	(13,297)	(59,792)	(18,920)
Other comprehensive income total	(42,022)	(13,297)	(59,792)	(18,920)
Comprehensive income total	1,457,899	1,372,847	2,074,403	1,953,385
Attributable to:				
Equity holders of the parent	1,499,090	1,385,917	2,133,013	1,971,982
No controlling interest	832	227	1,184	323
TOTAL	1,499,922	1,386,144	2,134,197	1,972,305
Comprehensive income attributable of:				
Equity holders of the parent	1,457,067	1,372,620	2,073,219	1,953,062
No controlling interest	832	227	1,184	323
Total	1,457,899	1,372,847	2,074,403	1,953,385
Earnings per share attributable equity holders of the parent				
(LVL per share)				
- Basic earnings per share	0.16	0.14	0.22	0.21
- Diluted earnings per share	0.16	0.14	0.22	0.21

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	Minority 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	-	-	-	-	1,499,090	1,499,090	832	1,499,922
Foreign currency revaluation	-	-	-	(42,022)	-	(42,022)	-	(42,022)
As of 31.03.2011	9,585,000	15,687,750	464,905	3,260	34,191,920	59,932,835	56,852	59,989,687

	Share capital	Share premium	Other reserves	Foreign currency translation reserve	Accumulated profit	Equity attributable to equity holders of the parent	Minority 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	-	-	-	-	2,133,013	2,133,013	1,184	2,134,197
Foreign currency revaluation	-	-	-	(59,792)	-	(59,792)	-	(59,792)
As of 31.03.2011	13,638,226	22,321,657	661,500	4,639	48,650,719	85,276,741	80,893	85,357,635

STATEMENTS OF CASH FLOWS

	2011 January-March LVL	2010 January-March LVL	2011 January-March EUR	2010 January-March EUR
OPERATING ACTIVITIES				
Net profit before taxation	1,690,489	1,640,767	2,405,349	2,334,601
<i>Adjustments to reconcile net profit to net cash provided by operating activities:</i>				
Depreciation and amortisation	717,730	699,103	1,021,238	994,734
Loss / (gain) on disposal of fixed assets and intangible assets	-	(36)	-	(51)
Income from EU funding	(31,076)	(31,077)	(44,217)	(44,219)
Interest income	(23,593)	(1,158)	(33,570)	(1,648)
Interest expense	61,081	72,830	86,910	103,628
<i>Changes in operating assets and liabilities:</i>				
Inventory	(1,635,311)	(460,435)	(2,326,838)	(655,140)
Debtors	(17,918)	(2,947,100)	(25,495)	(4,193,346)
Creditors	(838,914)	2,683,867	(1,193,667)	3,818,800
Gross cash provided by operating activities	(77,512)	1,656,761	(110,290)	2,357,359
Corporate income tax paid	(252,631)	(353,176)	(359,461)	(502,525)
Net cash provided by (used in) operating activities	(330,143)	1,303,585	(469,751)	1,854,834
INVESTING ACTIVITIES				
Purchase of fixed assets and intangible assets	(1,041,259)	(3,462,706)	(1,481,578)	(4,926,986)
Proceeds from disposal of fixed assets	-	10,375	-	14,762
Other investments	-	(3,500)	-	(4,980)
Net cash used in investing activities	(1,041,259)	(3,455,831)	(1,481,578)	(4,917,204)
FINANCING ACTIVITIES				
Received loans from credit institutions	1,749,505	3,323,938	2,489,320	4,729,538
Repaid loans to credit institutions	(294,123)	(865,056)	(418,499)	(1,230,864)
Income from EU funding	26,485	-	37,685	-
Interest expense	(61,081)	(72,830)	(86,910)	(103,628)
Net cash provided by financing activities	1,420,786	2,386,052	2,021,596	3,395,046
Net (decrease)/ increase in cash and cash equivalents	49,384	233,806	70,267	332,676
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 PERIOD	573,890	350,218	816,572	498,315

NOTES

OTHER DEBTORS

	31.03.2011.	31.03.2010.	31.03.2011.	31.03.2010.
	LVL	LVL	EUR	EUR
Tax receivables	1,174,248	1,915,024	1,670,804	2,724,834
Other	2,520,421	2,164,563	3,586,236	3,079,895
Total	3,694,669	4,079,587	5,257,040	5,804,729

CASH AND CASH EQUIVALENTS

	31.03.2011.	31.03.2010.	31.03.2011.	31.03.2010.
	LVL	LVL	EUR	EUR
Cash in bank	568,275	343,029	808,583	488,086
Cash on hand	5,615	7,189	7,989	10,229
Total	573,890	350,218	816,572	498,315

LOANS FROM CREDIT INSTITUTIONS

	31.03.2011.	31.03.2010.	31.03.2011.	31.03.2010.
	LVL	LVL	EUR	EUR
Credit line from JSC "Swedbank", Latvia	3,360,981	2,931,064	4,782,245	4,170,528
Credit line from JSC "SEB Bank", Latvia	3,226,231	2,562,925	4,590,513	3,646,714
JSC "SEB Bank", Latvia	1,325,611	-	1,886,175	-
JSC "Swedbank", Latvia	474,393	477,393	675,000	679,269
JSC "Swedbank", Latvia	265,660	265,660	378,000	378,000
JSC "Swedbank", Latvia	235,255	-	334,738	-
JSC "Swedbank", Latvia	223,619	-	318,181	-
JSC "Swedbank", Latvia	142,318	142,317	202,500	202,499
Current loans from credit institutions	9,254,068	6,379,359	13,167,352	9,077,010
JSC "Swedbank", Latvia	1,781,991	3,323,938	2,535,545	4,729,538
JSC "Swedbank", Latvia	1,124,179	-	1,599,563	-
JSC "Swedbank", Latvia	474,392	1,103,916	674,999	1,570,731
JSC "Swedbank", Latvia	215,151	569,364	306,132	810,132
JSC "Swedbank", Latvia	133,220	322,978	189,555	459,555
JSC "SEB Bank", Latvia	-	1,325,611	-	1,886,175
Non-current loans from credit institutions	3,728,933	6,645,807	5,305,794	9,456,131
Total	12,983,001	13,025,166	18,473,146	18,533,141

TAX LIABILITIES

	31.03.2011. LVL	31.03.2010. LVL	31.03.2011. EUR	31.03.2010. EUR
Social security payments	235,809	194,569	335,526	276,847
Personal income tax	145,290	181,588	206,729	258,376
Corporate income tax	604,145	-	859,621	-
Other	16,360	13,580	23,278	19,323
Total	1,001,604	389,737	1,425,154	554,546

NET SALES

	2011 January- March LVL	2010 January- March LVL	2011 January- March EUR	2010 January- March EUR
Russia	6,937,055	7,805,662	9,870,540	11,106,456
Other CIS countries	5,321,363	4,909,621	7,571,617	6,985,761
Other countries	1,858,835	1,378,064	2,644,884	1,960,808
Latvia	846,850	823,280	1,204,959	1,171,422
Lithuania	561,114	440,137	798,393	626,259
Estonia	354,754	270,482	504,770	384,861
Other income	5,116	2,044	7,280	2,909
Gross sales	15,885,087	15,629,290	22,602,443	22,238,476
Discounts				
Russia	(1,240,028)	(1,398,274)	(1,764,401)	(1,989,565)
Other CIS countries	(564,895)	(731,074)	(803,773)	(1,040,225)
Other countries	(3,204)	(6,903)	(4,559)	(9,822)
Latvia	(23,051)	(19,249)	(32,799)	(27,389)
Lithuania	(23,083)	(19,080)	(32,844)	(27,148)
Estonia	(8,750)	(6,409)	(12,450)	(9,119)
Discounts total	(1,863,011)	(2,180,989)	(2,650,826)	(3,103,268)
Total, net	14,022,076	13,448,301	19,951,617	19,135,208

COST OF GOODS SOLD

	2011	2010	2011	2010
	January-	January-	January-	January-
	March	March	March	March
	LVL	LVL	EUR	EUR
Goods purchased for resale and contract manufacturing	1,644,828	2,116,299	2,340,379	3,011,222
Raw materials and packing	1,853,562	2,089,714	2,637,381	2,973,395
Direct labour and social security payments	1,458,567	1,314,777	2,075,354	1,870,759
Depreciation of fixed assets and amortization of intangible assets	538,049	524,939	765,575	746,921
Research costs	357,679	567,518	508,931	807,505
Electricity resource expenses	359,778	308,541	511,918	439,014
Machinery, buildings and equipment repairs	127,011	100,800	180,720	143,425
Household expenses	49,759	49,582	70,801	70,549
Transport	32,846	26,512	46,736	37,723
Rent of work clothing	17,338	16,168	24,670	23,005
Waste disposal	11,363	14,252	16,168	20,279
Other	345,175	139,076	491,140	197,888
Internal turnover of self-manufactured raw materials	(840,909)	(863,059)	(1,196,506)	(1,228,022)
Total	5,955,046	6,405,119	8,473,267	9,113,663

COST OF GOODS SOLD

	2011	2010	2011	2010
	January-	January-	January-	January-
	March	March	March	March
	LVL	LVL	EUR	EUR
Advertising	2,994,688	2,473,504	4,261,057	3,519,479
Expenses of representative offices	620,050	484,550	882,252	689,453
Salaries and social security payments	429,968	389,123	611,789	553,672
Distribution expenses for goods	145,922	107,841	207,628	153,444
Registration costs for medicine	101,162	77,271	143,941	109,947
Patents	90,363	100,640	128,575	143,198
Depreciation of fixed assets and amortisation of intangible assets	89,602	69,421	127,492	98,777
Commissions	8,952	26,941	12,738	38,334
Freight insurance	4,724	7,301	6,722	10,388
Other	393,607	371,299	560,052	528,310
Total	4,879,038	4,107,891	6,942,246	5,845,002

ADMINISTRATIVE EXPENSES

	2011	2010	2011	2010
	January- March	January- March	January- March	January- March
	LVL	LVL	EUR	EUR
Salaries and social security payments	623,888	796,032	887,713	1,132,651
Depreciation of fixed assets and amortisation of intangible assets	77,842	92,403	110,759	131,478
Security costs	47,266	51,950	67,253	73,918
Employee insurance	36,284	39,858	51,627	56,713
Transport	36,100	36,506	51,366	51,943
Electricity	34,427	30,333	48,985	43,160
Professional services	34,263	61,720	48,752	87,820
Bank charges	21,599	22,368	30,733	31,827
Personnel training and hiring expenses	20,521	74,678	29,199	106,257
Computers maintenance	18,939	23,006	26,948	32,735
Business trips	13,670	20,975	19,451	29,845
Property and liability insurance	12,351	9,093	17,574	12,938
Communication expense	7,332	8,371	10,432	11,911
Other	277,197	370,219	394,415	526,774
Total	1,261,679	1,637,512	1,795,207	2,329,970

Currency exchange for the EUR – 0.702804

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

Acting Chairman of the Board
26 May 2011

Vadims Rabša