

Joint Stock Company “Grindeks”

*Non -audited Consolidated financial statements
prepared in accordance with International
Financial Reporting Standards
as adopted by the European Union
for the periods ended 31 March 2013 and
ended 31 March 2012*

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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 products, medical products and phytochemical medicine
Legal address	53 Krustpils Street Riga, LV – 1057, Latvia
Subsidiaries	JSC “Tallinn Pharmaceutical Plant” Tondi 33 11316, Tallinn, Estonia JSC “Kalceks” 53 Krustpils Street Riga, LV - 1057, Latvia “Namu apsaimniekosanas projekti” Ltd. 53 Krustpils Street Riga, LV - 1057, Latvia “Grindeks Rus” Ltd. 74/3 Warsaw Road 117556, Moscow, Russia
Reporting period	1 January 2013 – 31 March 2013
Previous reporting period	1 January 2012 – 31 March 2012

THE BOARD AND THE SUPERVISORY COUNCIL

Board of the Company

(in compliance with the election/dismissal dates)

Since 24 November 2011 to 9 January 2012:

<u>Name</u>	<u>Position</u>	<u>Ownership interest(%)*</u>
Vadims Rabsha	Board member	0.00
Lipmans Zeligmans	Board member	0.00

* *Latvian Central Depository data as of 31 December 2011*

Since 9 January 2012 to 1 May 2012:

<u>Name</u>	<u>Position</u>	<u>Ownership interest(%)*</u>
Juris Bundulis	Chairman of the Board	0.00
Vadims Rabsha	Board member	0.00
Lipmans Zeligmans	Board member	0.00

* *Latvian Central Depository data as of 11 June 2012*

Since 1 May 2012 to the date of issuing the financial statements:

<u>Name</u>	<u>Position</u>	<u>Ownership interest(%)*</u>
Juris Bundulis	Chairman of the Board	0.00
Vadims Rabsha	Board member	0.00

* *Latvian Central Depository data as of 31 December 2012*

• Juris Bundulis – Chairman of the Board

Born in 1953. Obtained the Doctoral degree of Biological Sciences if the University of Latvia, also graduated from the Faculty of Chemistry of the University of Latvia. Previously Juris Bundulis worked at “Grindeks” as the Marketing and Sales Director and the Scientific Research and Development Director. Before his appointment as Chairman of the Board of JSC “Grindeks” J.Bundulis was the Deputy State Secretary of the Health Ministry of Latvia and dealt with the health policy issues. Besides the position at “Grindeks” J.Bundulis is also the Member of the Council of „Pharma and Chemistry Competence Centre of Latvia” Ltd. and the Member of the Board of JSC “Grindeks” Foundation “For the Support of Science and Education”.

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

Born in 1976. Graduated from the Stockholm School of Economics in Riga where he studied Economics and Business. Has been working for the JSC “Grindeks” since 2007. Previously was employed at “Exigen Services” Ltd., holding the post of the Chief Finance Officer, as well as the position of the Deputy Chairman of the Board at JSC “DATI Exigen Group”. V.Rabsha also worked at JSC “Latvijas Balzams” as the Chief Finance Officer. Besides the position at “Grindeks” V.Rabsha is the Member of the Council of „HBM Pharma” Ltd. and JSC “Tallinn pharmaceutical plant”, also the Member of the Board of JSC “Grindeks” Foundation “For the Support of Science and Education”.

Supervisory Council of the Company

(in compliance with the election/dismissal dates)

Since 25 May 2010 to 25 May 2013:

<u>Name</u>	<u>Position</u>	<u>Ownership interest(%)*</u>
Kirovs Lipmans	Chairman of the Supervisory Council	33.29
Anna Lipmane	Deputy 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 2012*

Since 25 May 2013 to the date of issuing the financial statements:

The candidates of the Supervisory Council of JSC “Grindeks” will be nominated and the annual remuneration fund for the members of the Supervisory Council will be determined at the Annual General Meeting of Shareholders on the 4 June 2013.

MAJOR SHAREHOLDERS

The shareholders as of 31 December 2012 and 31 December 2011 were as follows (Latvian central Depository data):

	Percentage holding (%) 31.12.2012	Percentage holding (%) 31.12.2011
Kirovs Lipmans	33.29	33.29
Anna Lipmane	16.69	16.69
„AB.LV Private equity fund 2010”	11.38	11.38
Skandinaviska Enskilda banken (nominal holder)	10.22	10.94
Swedbank AS Clients Account (nominal holder)	8.71	8.28
Other shareholders	19.71	19.42
Total	100.00	100.00

MANAGEMENT REPORT

Business mode

In the reporting period the Group of “Grindeks” consisted of the JSC “Grindeks” and its four subsidiaries: JSC “Tallinn Pharmaceutical Plant” in Estonia, JSC “Kalceks”, “Namu Apsaimniekošanas 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 brand products, generics and active pharmaceutical ingredients.

Group’s activity during the reporting period

The Group’s turnover in the first quarter of 2013 amounted to 17 million lats, which is by 1.1 million lats or 7% more than in the first quarter of 2012. In its turn, the net profit of the Group, related to the shareholders of the holding company, amounted to 2.2 million lats in the first quarter of 2013, which is by 0.6 million lats or 38% more in comparison with the first three months of 2012. The gross profit margin of the Group was 63% in the first quarter of 2013, whereas, the net profit margin was 13%. The products of the Group, manufactured during the first quarter of 2013, were exported to 43 countries worldwide for the total amount of 15.9 million lats, which is by 0.8 million lats or 5.3% more than in the first quarter of 2012.

The most important market trends

In Russia, which is the main market for final dosage forms of “Grindeks”, the reform of the pharmaceutical industry is continuing and this market will face important changes in the future. The most important is the fact that from 1 January, 2014 all medication manufacturers will be required to be certified according to the Good Manufacturing Practice standard. According to the latest market data, in the first quarter of 2013, the Russian market has increased by 4% in packages or by 18% in terms of money. It is expected that the Russian market will increase by 18% in terms of money in 2013.

It is expected that in the active pharmaceutical business, the situation will change with the EU regulation 2001/83/EC “on the Community code relating to medicinal products for human use”. It will enter into force in July 2013 and it will limit competition, which is created by manufacturers of non-regulated markets, particularly China and India. At the same time, the competition will increase among the active pharmaceutical ingredient manufacturers of the EU. Active pharmaceutical ingredients` market players are preparing for the forthcoming regulation and starting to attract alternative raw material suppliers, which represent the regulated market.

Sales of final dosage forms and active pharmaceutical ingredients

The sales volume of the final dosage forms of “Grindeks” was 15 million lats in the first quarter of 2013 and was increased by 0.5 million lats or 3.4% in comparison with the first quarter of the previous year. The main markets of the final dosage forms are Russia, other CIS countries, Georgia and the Baltic States. The sales amount in Russia, other CIS countries and Georgia reached 12.7 million lats in the first quarter of 2013, which is by 0.4 million lats or 3.3% more than in the first quarter of 2012. In its turn, the turnover of the final dosage forms to the Baltic States and other European countries reached 2.3 million lats, which is by 0.1 million lats or 4.5% more than in the first quarter of 2012.

In the first quarter of 2013, the sales of the active pharmaceutical ingredients reached 1.9 million lats, which is by 0.4 million lats or 27% more than in the first quarter of 2012. The main active pharmaceutical ingredient export markets for “Grindeks” are the Netherlands, Germany, Canada and the U.S. The most demanded active pharmaceutical ingredients of “Grindeks” are: zopiclone, oxytocin and xylasine.

Investment program

In 2013, “Grindeks” successfully continues to implement its investment program and plans to invest 3.5 million lats during the year. The major investment project is the reconstruction of Microbiology Laboratory. During the project one of the most modern laboratories of the kind in the Baltic States will be created. This will allow provide analysis for both “Grindeks” and other companies’ needs.

Quality and environmental protection

In the first quarter of 2013, “Grindeks” successfully passed a number of important European clients’ audits. “Grindeks” compliance with high quality standards and the Good Manufacturing Practice was approved by 4 day long inspection of the Food and Drug Administration’s (FDA), which successful result ensures the cooperation with U.S. companies in the active pharmaceutical ingredients business for at least the next 3 years.

Development of “Grindeks” share price during the first quarter of 2013 (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 2013 was within the limits from 4.6 lats to 5.5 lats. In the first quarter of 2013, the average price of “Grindeks” shares was 4.83 lats. The total quantity of “Grindeks” shares, traded in “NASDAQ OMX Riga”, during the first quarter of 2013 was 135597 shares, reaching the turnover of 0.68 million lats. At the end of the first quarter of 2013 the market capitalization of “Grindeks” shares was 50.32 million lats.



The Group’s earnings per share (EPS ratio) amounted to 0.23 lats the first quarter of 2013 as compared with 0.17 lats in the first quarter of 2012.

Future expectations

In 2013, “Grindeks” is planning to reach nearly 100 million lats turnover and profit of around 12 million lats. This will be achieved by increasing sales in the key markets of final dosage forms and active pharmaceutical ingredients, and the company will focus on the business development in the emerging markets – Scandinavia and Southeast Asian countries.

In 2013, the company aims to approve “Grindeks” long-term business strategy, which will include the development of the existing directions, assessment of new business areas, as well as a product development plan for the next 10 years.

In 2013, “Grindeks” will strictly follow the costs, by reducing expenses and increasing their return.

On behalf of the Group’s Management:

Juris Bundulis
Chairman of the Board

31 May 2013

STATEMENT OF BOARD'S RESPONSIBILITIES

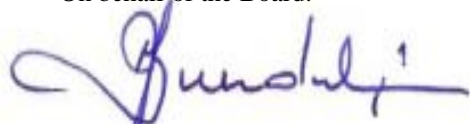
The Board of JSC "Grindex" (hereinafter - the Company) is bearing the responsibility for preparation of the consolidated interim financial statements of the Company and its subsidiaries (hereinafter - the Group). The interim financial statements of the Group are not audited.

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 2013 and the results of its operations and cash flows for the period of three months ended 31 March 2013.

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:



Juris Bundulis
Chairman of the Board

31 May 2013

STATEMENT OF FINANCIAL POSITION

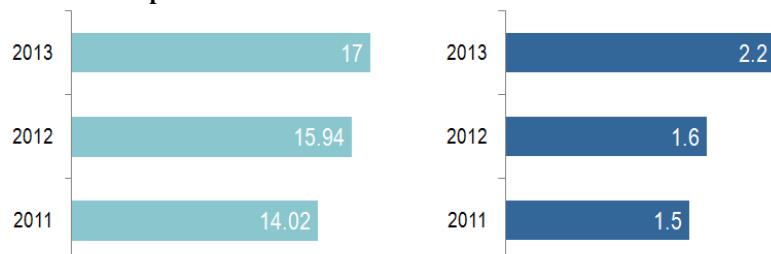
	31.03.2013. LVL	31.03.2012. LVL	31.03.2013. EUR	31.03.2012. EUR
ASSETS				
Non-current assets				
Intangible assets				
Software, patents, licenses, trademarks and other rights	596,609	654,801	848,898	931,698
Advance payments for intangible assets	127,227	143,858	181,028	204,691
Total intangible assets	723,836	798,659	1,029,926	1,136,389
Tangible fixed assets				
Land, buildings and constructions	17,594,909	16,861,634	25,035,300	23,991,944
Equipment and machinery	13,170,500	12,218,199	18,739,933	17,384,931
Other fixed assets	692,323	745,510	985,087	1,060,765
Advance payments for fixed assets	851,664	92,918	1,211,809	132,211
Construction in progress	1,494,589	6,319,332	2,126,609	8,991,599
Total tangible fixed assets	33,803,985	36,237,593	48,098,737	51,561,450
Investment property	6,224,000	4,882,200	8,855,954	6,946,745
Non-current financial investments				
Other investments	22,220	22,220	31,616	31,616
Advance payments for financial investments	3,605,385	-	5,130,001	-
Other loan	1,700,785	1,654,150	2,419,999	2,353,643
Loans provided to management and shareholders	263,552	896,075	375,001	1,275,000
Total long term financial investments	5,591,942	2,572,445	7,956,617	3,660,259
Total non-current financial assets	46,343,763	44,490,897	65,941,234	63,304,843
Current assets				
Inventories				
Raw materials	3,237,717	2,885,841	4,606,856	4,106,182
Unfinished goods	2,678,337	2,455,261	3,810,930	3,493,522
Finished goods and goods for resale	5,816,948	6,881,151	8,276,771	9,790,995
Total inventory	11,733,002	12,222,253	16,694,558	17,390,699
Debtors				
Trade receivables	31,769,321	28,225,452	45,203,671	40,161,200
Other debtors	6,742,188	5,260,975	9,593,269	7,485,693
Loans provided to management and shareholders	1,497,011	823,188	2,130,055	1,171,291
Deferred expenses	135,107	176,407	192,240	251,005
Total debtors	40,143,627	34,486,022	57,119,235	49,069,189
Cash and cash equivalents	1,374,070	557,942	1,955,125	793,880
Total current assets	53,250,699	47,266,217	75,768,919	67,253,768
TOTAL ASSETS	99,594,462	91,757,114	141,710,152	130,558,611

	31.03.2013.	31.03.2012.	31.03.2013.	31.03.2012.
LIABILITIES	LVL	LVL	EUR	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
Foreign currency revaluation reserve	48,971	21,868	69,679	31,115
Retained profit				
a) retained profit	49,033,463	39,398,904	69,768,332	56,059,590
b) current year profit	2,209,772	1,643,091	3,144,222	2,337,908
Equity attributable to equity holders of the parent	77,029,861	66,801,518	109,603,618	95,049,996
No controlling interest	60,029	58,123	85,414	82,702
Total equity	77,089,890	66,859,641	109,689,031	95,132,698
LIABILITIES				
Non-current liabilities				
Loans from credit institutions	2,422,463	4,059,003	3,446,854	5,775,441
Finance lease liabilities	-	460,871	-	655,760
Deferred income	3,371,599	3,279,036	4,797,353	4,665,648
Deferred tax liabilities	2,711,720	2,164,155	3,858,430	3,079,315
Total non-current liabilities	8,505,782	9,963,065	12,102,637	14,176,164
Current liabilities				
Loans from credit institutions	8,243,543	8,210,020	11,729,505	11,681,806
Finance lease liabilities	-	302,385	-	430,255
Advances from customers	140,519	123,117	199,941	175,180
Trade accounts payable	3,104,409	4,842,743	4,417,176	6,890,603
Taxes and social security liabilities	1,763,189	604,641	2,508,792	860,327
Other payables	351,161	266,010	499,657	378,498
Deferred income	281,154	495,800	400,046	705,460
Accrued liabilities	114,815	89,692	163,367	127,620
Total current liabilities	13,998,790	14,934,408	19,918,484	21,249,749
Total liabilities	22,504,572	24,897,473	32,021,121	35,425,913
TOTAL EQUITY AND LIABILITIES	99,594,462	91,757,114	141,710,152	130,558,611

STATEMENT OF COMPREHENSIVE INCOME

	2013 January- March LVL	2012 January- March LVL	2013 January- March EUR	2012 January- March EUR
Net sales	16,994,061	15,944,155	24,180,370	22,686,489
Cost of goods sold	(6,324,428)	(7,315,196)	(8,998,850)	(10,408,586)
Gross profit	10,669,633	8,628,959	15,181,520	12,277,903
Selling expenses	(4,383,390)	(4,433,002)	(6,237,002)	(6,307,594)
Administrative expenses	(1,898,637)	(1,929,573)	(2,701,517)	(2,745,535)
Other operating income	243,748	893,575	346,822	1,271,443
Other operating expenses	(1,855,465)	(1,175,422)	(2,640,089)	(1,672,475)
Interest income and similar income	22,478	22,781	31,983	32,414
Interest expense and similar expense	(46,400)	(79,537)	(66,021)	(113,171)
Real estate tax	(15,388)	(18,232)	(21,895)	(25,942)
Profit before taxation	2,736,579	1,909,549	3,893,801	2,717,043
Corporate income tax	(526,556)	(265,776)	(749,222)	(378,165)
NET PROFIT FOR THE PERIOD	2,210,023	1,643,773	3,144,579	2,338,878
Other comprehensive income	(6,832)	(9,756)	(9,721)	(13,882)
Foreign currency revaluation	(6,832)	(9,756)	(9,721)	(13,882)
Other comprehensive income total	2,203,191	1,634,017	3,134,858	2,324,997
Attributable to:				
Equity holders of the parent	2,209,772	1,643,091	3,144,222	2,337,908
Non-controlling interest	251	682	357	970
TOTAL	2,210,023	1,643,773	3,144,579	2,338,878
Comprehensive income attributable of:				
Equity holders of the parent	2,202,940	1,633,335	3,134,501	2,324,026
Non-controlling interest	251	682	357	970
Total	2,203,191	1,634,017	3,134,858	2,324,997
Other comprehensive income				
Earnings per share attributable equity holders of the parent (LVL per share)				
- Basic earnings per share	0.23	0.17	0.33	0.24
- Diluted earnings per share	0.23	0.17	0.33	0.24

Turnover and profit for the first three months:



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	No Control ling Interest	Total
	LVL	LVL	LVL	LVL	LVL	LVL	LVL	LVL
As of 31.12.2012	9,585,000	15,687,750	464,905	55,803	49,033,463	74,826,921	59,778	74,886,699
Profit for the period	-	-	-	-	2,209,772	2,209,772	251	2,210,023
Foreign currency revaluation	-	-	-	(6,832)	-	(6,832)	-	(6,832)
As of 31.03.2013	9,585,000	15,687,750	464,905	48,971	51,243,235	77,029,861	60,029	77,089,890

	Share capital	Share premium	Other reserves	Foreign currency translation reserve	Accumulated profit	Equity attributable to equity holders of the parent	No Control ling Interest	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
As of 31.12.2012	13,638,226	22,321,657	661,500	79,401	69,768,332	106,469,117	85,056	106,554,173
Profit for the period	-	-	-	-	3,144,222	3,144,222	357	3,144,579
Foreign currency revaluation	-	-	-	(9,721)	-	(9,721)	-	(9,721)
As of 31.03.2013	13,638,226	22,321,657	661,500	69,679	72,912,555	109,603,618	85,414	109,689,031

STATEMENT OF CASH FLOWS

	2013 January-March LVL	2012 January-March LVL	2013 January-March EUR	2012 January-March EUR
OPERATING ACTIVITIES				
Net profit before taxation	2,736,579	1,909,549	3,893,801	2,717,043
<i>Adjustments to reconcile net profit to net cash provided by operating activities:</i>				
Depreciation and amortization	831,933	781,666	1,183,734	1,112,211
(Gain) / loss on disposal of fixed assets and intangible assets	83	-	118	-
Revenue from the EU funds	(90,237)	(77,958)	(128,396)	(110,924)
Interest income	(22,478)	(22,781)	(31,983)	(32,414)
Interest expense	46,400	79,537	66,021	113,171
<i>Changes in operating assets and liabilities:</i>				
Inventory	(4,416,026)	(583,713)	(6,283,439)	(830,549)
Debtors	2,712,598	471,548	3,859,679	670,952
Creditors	(594,005)	(1,595,133)	(845,193)	(2,269,670)
Gross cash provided by operating activities	1,204,847	962,715	1,714,343	1,369,820
Corporate income tax paid	(236,467)	(335,812)	(336,462)	(477,817)
Interest income received	968,380	626,903	1,377,881	892,003
INVESTING ACTIVITIES				
Purchase of fixed assets and intangible assets	(360,457)	(875,788)	(512,884)	(1,246,134)
Other loans	(231,925)	52,710	(330,000)	75,000
Net cash used in investing activities	(592,382)	(823,078)	(842,884)	(1,171,134)
FINANCING ACTIVITIES				
Received loans from credit institutions	482,419	310,803	686,420	442,233
Repaid loans to credit institutions	(975,893)	(409,134)	(1,388,571)	(582,145)
The EU funding	10,477	8,382	14,907	11,927
Interest paid	(46,400)	(79,537)	(66,021)	(113,171)
Net cash (used in) /provided by financing activities	(529,397)	(169,486)	(753,264)	(241,157)
Net increase in cash and cash equivalents	(153,399)	(365,661)	(218,267)	(520,289)
Cash and cash equivalents at the beginning of the year	1,527,469	923,603	2,173,393	1,314,169
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1,374,070	557,942	1,955,125	793,880

NOTES

OTHER DEBTORS

	31.03.2013. LVL	31.03.2012. LVL	31.03.2013. EUR	31.03.2012. EUR
„Grindeks rus” Ltd. other debtors	3,012,022	1,590,434	4,285,721	2,262,984
JSC”Tallinn Pharmaceutical plant” other debtors	1,758,234	12,288	2,501,742	17,484
Tax receivables	322,360	1,224,809	458,677	1,742,746
Other	1,649,572	2,433,444	2,347,129	3,462,479
Total	6,742,188	5,260,975	9,593,269	7,485,693

CASH AND CASH EQUIVALENTS

	31.03.2013. LVL	31.03.2012. LVL	31.03.2013. EUR	31.03.2012. EUR
Cash in bank	1,371,747	552,713	1,951,820	786,440
Cash on hand	2,323	5,229	3,305	7,440
Total	1,374,070	557,942	1,955,125	793,880

LOANS FROM CREDIT INSTITUTIONS

	31.03.2013. LVL	31.03.2012. LVL	31.03.2013. EUR	31.03.2012. EUR
Credit line from JSC “SEB Bank”, Latvia	3,498,138	3,513,723	4,977,402	4,999,577
Credit line from Nordea Bank Finland Plc.	3,517,999	3,468,891	5,005,662	4,935,787
Nordea Bank Finland Plc.	632,523	632,524	899,999	900,000
Nordea Bank Finland Plc.	351,402	351,402	500,000	500,000
JSC “SEB Bank”, Latvia	243,481	243,480	346,442	346,442
Current loans from credit institutions	8,243,543	8,210,020	11,729,505	11,681,806
Nordea Bank Finland Plc.	1,475,889	2,319,253	2,100,000	3,300,000
Nordea Bank Finland Plc.	595,172	919,812	846,854	1,308,774
JSC “SEB Bank”, Latvia	351,402	819,938	500,000	1,166,667
Non-current loans from credit institutions	2,422,463	4,059,003	3,446,854	5,775,441
Total	10,666,006	12,269,023	15,176,359	17,457,247

TAX LIABILITIES

	31.03.2013. LVL	31.03.2012. LVL	31.03.2013. EUR	31.03.2012. EUR
Social security payments	271,271	364,676	385,984	518,887
Personal income tax	160,926	140,235	228,977	199,536
Corporate income tax	1,294,539	60,660	1,841,963	86,311
Other	36,453	39,070	51,868	55,593
Total	1,763,189	604,641	2,508,792	860,327

NET SALES

	2013 January- March LVL	2012 January- March LVL	2013 January- March EUR	2012 January- March EUR
Russia	8,385,489	8,654,459	11,931,476	12,314,186
Other CIS countries	5,940,161	5,734,215	8,452,088	8,159,053
Other countries	2,289,667	1,668,195	3,257,903	2,373,628
Latvia	1,063,177	839,692	1,512,765	1,194,774
Lithuania	551,145	688,577	784,209	979,757
Estonia	389,294	361,893	553,915	514,927
Other income	65,017	29,081	92,511	41,379
Gross sales	18,683,950	17,976,112	26,584,866	25,577,703
Less discounts				
Russia	(877,507)	(1,366,883)	(1,248,580)	(1,944,899)
Other CIS countries	(681,752)	(606,214)	(970,046)	(862,565)
Other countries	(620)	(359)	(882)	(510)
Latvia	(118,735)	(17,366)	(168,945)	(24,710)
Lithuania	(3,727)	(33,076)	(5,303)	(47,063)
Estonia	(7,548)	(8,059)	(10,740)	(11,467)
Discounts total	(1,689,889)	(2,031,957)	(2,404,495)	(2,891,214)
Total, net	16,994,061	15,944,155	24,180,370	22,686,489

COST OF GOODS SOLD

	2013	2012	2013	2012
	January- March	January- March	January- March	January- March
	LVL	LVL	EUR	EUR
Raw materials and packing	3,336,684	2,097,233	4,747,674	2,984,094
Direct labour and social security payments	1,607,034	1,601,619	2,286,603	2,278,899
Goods purchased for resale and contract manufacturing	676,053	2,705,637	961,937	3,849,775
Depreciation of fixed assets and amortization of intangible assets	666,719	622,220	948,656	885,339
Electricity resource expenses	446,058	445,820	634,683	634,345
Research costs	238,548	249,434	339,423	354,913
Machinery, buildings and equipment repairs	163,058	131,922	232,011	187,708
Household expenses	51,183	48,526	72,827	69,046
Transport	32,893	33,943	46,803	48,297
Rent of work clothing	19,461	18,699	27,691	26,606
Waste disposal	14,136	14,752	20,114	20,990
Other	275,703	222,521	392,288	316,618
Internal turnover of self-manufactured raw materials	(1,203,102)	(877,130)	(1,711,860)	(1,248,044)
Total	6,324,428	7,315,196	8,998,850	10,408,586

SELLING AND DISTRIBUTION COSTS

	2013	2012	2013	2012
	January- March	January- March	January- March	January- March
	LVL	LVL	EUR	EUR
Advertising	2,568,071	2,560,035	3,654,036	3,642,602
Expenses of representative offices	622,444	632,971	885,658	900,637
Salaries and social security payments	446,356	431,948	635,107	614,607
Distribution expenses for goods	158,855	140,511	226,030	199,929
Depreciation of fixed assets and amortisation of intangible assets	92,935	97,044	132,235	138,081
Commissions	61,543	52,893	87,568	75,260
Registration costs for medicine	53,902	52,097	76,696	74,127
Patents	35,120	98,432	49,971	140,056
Freight insurance	2,394	4,211	3,406	5,992
Other	341,770	362,860	486,295	516,303
Total	4,383,390	4,433,002	6,237,002	6,307,594

ADMINISTRATIVE EXPENSES

	2013 January- March LVL	2012 January- March LVL	2013 January- March EUR	2012 January- March EUR
Salaries and social security payments	632,425	657,488	899,860	935,521
Professional services	483,752	572,081	688,317	813,998
Security costs	53,506	58,671	76,132	83,481
Depreciation of fixed assets and amortisation of intangible assets	72,498	51,091	103,155	72,696
Computers maintenance	34,515	42,517	49,110	60,496
Employee insurance	46,001	40,588	65,454	57,752
Transport	37,035	37,224	52,696	52,965
Bank charges	9,059	30,508	12,890	43,409
Electricity	43,660	25,295	62,123	35,992
Business trips	7,452	20,268	10,603	28,839
Personnel training and hiring expenses	31,044	15,741	44,172	22,397
Property and liability insurance	12,759	11,087	18,154	15,775
Communication expense	6,653	8,394	9,466	11,944
Other	428,278	358,620	609,385	510,270
Total	1,898,637	1,929,573	2,701,517	2,745,535

Currency exchange for the EUR – 0.702804

JSC “Grindex” hereby informs that there were no changes made in its accounting policy in January-March 2013. In non-audited financial accounts for the period January-March 2013 the Group has employed the same Accounting and Consolidation Principles as in the audited consolidated financial accounts for the year 2012, released on 29 April 2013.

The Chairman of the Board of JSC “Grindex”

Juris Bundulis