

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 30 September 2016 and
ended 30 September 2015*

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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 str. 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 “HBM Pharma” Ltd. Sklabinska 30, 036 80, Martin, Slovakia
Reporting period	1 January 2016 – 30 September 2016
Previous reporting period	1 January 2015 – 30 September 2015

THE SUPERVISORY COUNCIL AND THE BOARD

Supervisory Council of the Company

(in compliance with the election/dismissal dates)

Since 11 November 2014 to 12 January 2016:

<u>Name</u>	<u>Position</u>	Ownership interest (%)*
Kirovs Lipmans	Chairman of the Supervisory Council	33.29
Anna Lipmane	Deputy Chairman of the Supervisory Council	16.65
Uldis Osis	Member of the Supervisory Council	0.00
Janis Naglis	Member of the Supervisory Council	0.00
Arkadiy Vertkin	Member of the Supervisory Council	0.00

* *Latvian Central Depository data as of 31 October 2015*

Since 12 January 2016 to the date of issuing the financial statements:

<u>Name</u>	<u>Position</u>	Ownership interest (%)*
Kirovs Lipmans	Chairman of the Supervisory Council	33.29
Anna Lipmane	Deputy Chairman of the Supervisory Council	16.65
Janis Naglis	Member of the Supervisory Council	0.00
Arkadiy Vertkin	Member of the Supervisory Council	0.00

* *Latvian Central Depository data as of 30 May 2016*

** *The term of Office of Supervisory Council members till 07.06.2019.*

• Kirovs Lipmans - Chairman of the Council

Born in 1940. Kirovs Lipmans has been the Chairman of the Council of “Grindeks” since 2003. Simultaneously K. Lipmans is also the President of the Latvian Hockey Federation, the Member of the Executive Committee of the Latvian Olympic Committee, the Chairman of the Board of JSC “Grindeks” Foundation „For the Support of Science and Education”, the Chairman of the Council of JSC “Kalceks” and JSC “Tallinn pharmaceutical plant”. Graduated from the Leningrad Institute of Railway and Transport Engineering, also graduated from the Faculty of Economics of the University of Latvia, obtaining degree as an Engineer-Economist. K. Lipmans is also one of the major shareholders of JSC “Grindeks”.

• Anna Lipmane - Deputy Chairman of the Council

Born in 1948. Anna Lipmane has been the Member of the Council of “Grindeks” since 2008. A. Lipmane is certified doctor-neurologist and the Member of the Latvian Medical Association, the Latvian Association of Internists, the Latvian Society of Cardiology and the Latvian Association of Neurologists, as well as the Member of the Council of JSC “Tallinn pharmaceutical plant”. A. Lipmane is one of the major shareholders of JSC “Grindeks”.

• Janis Naglis - Member of the Council

Born in 1958. Janis Naglis has been a member of the Council of JSC “Grindeks” since 2002. Simultaneously to the responsibilities in JSC “Grindeks” J. Naglis is also the Member of the Council of the Employers' Confederation of Latvia, the President of the the Latvian Auto Federation, the Member of the Board of the Association of Hotels and Restaurants of Latvia and the Latvian Sports for All Association, as well as the Member of management boards and supervisory councils of many others companies and institutions. J. Naglis graduated from Riga Polytechnic institute with qualification Engineer-Mechanic.

• Arkadiy Vertkin - Member of the Council

Born in 1951. Professor Arkadiy Vertkin has been a member of the Council of JSC “Grindeks” since 2013. A.Vertkin is the head of Therapy, Clinical Pharmacology and Ambulance Department at the Moscow State University of Medicine and Dentistry (MSUMD) since 1989, and the Scientific Secretary of the Scientific Council of MSUMD since 2012. Simultaneously, A.Vertkin is the President of Russian National Scientific Practical Society of Ambulance Care and International Society for the Study of Age-related Involution, also he is the Member of the numerously Russian and international organizations. Dr.med. A.Vertkin is an Honoured Science Worker of Russian Federation, and has received several awards.

The Board of the Company

(in compliance with the election/dismissal dates)

From 3 July 2014 to 12 October 2015:

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

** Latvian Central Depository data as of 31 December 2014*

From 12 October 2015 to 4 January 2016:

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

** Latvian Central Depository data as of 31 October 2015*

From 4 January 2016 to 12 January 2016:

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

** Latvian Central Depository data as of 31 October 2015*

Since 12 January 2016 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
Janis Romanovskis	Board member	0.00
Ibraim Muhtshi	Board member	0.00

** Latvian Central Depository data as of 30 May 2016*

- 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 Board of JSC “Grindeks” Foundation “For the Support of Science and Education”.

** The Term of office - 08.01.2018.*

- Ibraim Muhtshi – Member of the Board, Commercial Director

Born in 1956. Graduated from the University of Tartu in Estonia, obtaining a Doctor’s diploma in Anaesthesia and Intensive Care specialty. During a career I.Muhtshi had also worked as a medical practitioner, as well as he run the department of Anaesthesiology and Intensive Care at the Viru Central Hospital (Estonia). Previously, Muhtshi had also worked at JSC “Grindeks” as the Director of Sales. Before his appointment as Member of the Board of JSC “Grindeks” I.Muhtshi was the Chairman of the Board of a subsidiary of JSC “Grindeks” – JSC “Tallinn Pharmaceutical Plant” (Estonia).

** The Term of office - 11.10.2018.*

- Janis Romanovskis - Member of the Board, Chief Finance and Administrative Officer

Born in 1960. Graduated from Riga Secondary School No.1, Faculty of Economics of University of Latvia and Riga International School of Economics and Business Administration. Janis Romanovskis had also previously worked at „Grindeks” as the Chairman of the Board and Chief Finance and Administrative Officer. During his career Romanovskis has been the Chairman of the Board of pharmaceutical companies „Recipe plus” and „Sentor Farm aptiekas”, as well as the Finance Director of the IT company „Komerccentrs DATI Grupa” and the Head of the Financial Management Unit of JSC „Dati”.

** The Term of office - 11.01.2019.*

MAJOR SHAREHOLDERS

The shareholders as at 30 May 2016 and 31 December 2014 were as follows
(*Latvian Central Depository* data):

	Percentage (%) 30.05.2016	Percentage (%) 31.12.2014
Kirovs Lipmans	33.29	33.29
“AB.LV Private equity fund 2010”	-	22.66
AMBERSTONE GROUP, AS	22.66	-
Anna Lipmane	16.65	16.69
Swedbank AS Clients Account (nominal holder)	9.58	9.92
Other shareholders (less 5% ownership interest)	17.82	17.44
Total	100.00	100.00

MANAGEMENT REPORT

Business activity

During the reporting period the Group of “Grindeks” consists of JSC “Grindeks” and its subsidiaries: JSC “Tallinn Pharmaceutical Plant” in Estonia, JSC “Kalceks” in Latvia, “Namu Apsaimniekošanas projekti” Ltd. in Latvia, “Grindeks Rus” Ltd. in Russia and “HBM Pharma” Ltd. in Slovakia (together hereinafter – the Group). Core business activity of the Group is research, development, manufacturing and sales of original products, generics and active pharmaceutical ingredients.

Business activity of the Group of “Grindeks” during the reporting period

Turnover of the Group in the first nine months of 2016 was 72.4 million euro and has increased by 8.9 million euro or 14% in comparison to the first nine months of 2015. In the first nine months of 2016, the Group’s net profit, attributable to shareholders of the parent company, was 6.4 million euro and has increased by 2.6 million euro or 66% compared to the first nine months of 2015. Gross profit margin in the first nine months of 2016 was 49%, while net profit margin was 9%. In the first nine months of 2016, the Group’s production was exported to 67 countries worldwide, a total of 65.1 million euro which is by 8.3 million euro or 15% more than in the nine months of 2015.

At the end of the reporting period the amount of accounts receivable (debtors) was 68.3 million euro, which is by 17.7 million euro more than accounts payable (liabilities) that were 50.6 million euro. The amount of current assets at the end of reporting period was 90.7 million euro, which is by 61.5 million euro more than amount of current liabilities which was 29.1 million euro.

Sales of final dosage forms and active pharmaceutical ingredients

Sales volume of the final dosage forms of “Grindeks” in the first nine months of 2016 was 66.4 million euro and has increased by 10.5 million euro or 19% in comparison to the first nine months of 2015. In the first nine months of 2016, the sales amount in Russia, other CIS countries and Georgia reached 38.2 million euro, which is by 5.8 million euro or 18% more than in the first nine months of 2015. After assessment of potential currency risks, “Grindeks” limited its operations in Central Asia countries in the first nine months of 2016, thus, the export to these countries was reduced. In comparison to the first nine months of 2015, the biggest increase in sales volume has been reached in Russia (55%), Turkmenistan (36%) and Moldova (18%).

Due to the business diversification strategy and the development of company’s activities in the new markets, in the first nine months of 2016 the sales volume in the Baltic States and other countries reached 28.2 million euro which is by 4.7 million euro or 20% more than in the first nine months of 2015. The sales volume in the Netherlands compared to the first nine months of 2015 has increased by 3.6 times, in Spain – 2.5 times, in Tunisia – 2.1 times, while in Finland it has increased by 50%. In the first nine months of 2016, the sales volume in Latvia reached 5.4 million euro and has increased by 1.2 million euro or 28% in comparison with the first nine months of 2015. In the first nine months of 2016, compared with the first nine months of 2015, remarkable increase in sales have been reached also in the other Baltic States – in Lithuania by 20% and Estonia by 14%.

In the first nine months of 2016, in several Eastern European countries, including the Baltic States, the Group of “Grindeks” has registered injectable preparations – Diazpeks®, Neostigmine-Kalceks, Piracetam-Kalceks, Magnesium sulfate-Kalceks and Tramadol-Kalceks. In Ukraine, the Group has widened the product range and finished the registration of 8 generic medicines. In Australia, the registration of the mucolytic over-the-counter drug developed by “Grindeks” was successfully finished.

In the first nine months of 2016, sales of the active pharmaceutical ingredients reached 4.7 million euro, which is by 1.1 million euro or 18% less than in the first nine months of 2015. During this reporting period, “Grindeks” exported its active pharmaceutical ingredients to the EU countries, U.S., Australia and Japan. The most required active pharmaceutical ingredients of “Grindeks” in the first nine months of 2016 were oxytocin, zopiclone, droperidol, detomidine and pimobendan. Active pharmaceutical ingredients meldonium and ursodeoxycholic acid manufactured by “Grindeks” received the European Pharmacopoeia Certificate of Suitability.

Investment program

In 2016, “Grindeks” continues its most important research and development projects. In cooperation with Latvian and foreign scientists “Grindeks” continues development of the cardioprotective agent – inhibitor of GBB hydroxyls with an original structure. The other project is registration of a drug Mildronate® in China.

Quality and environmental protection

In the first nine months of 2016, the State Agency of Medicines of the Republic of Latvia successfully inspected the “Grindeks” Wholesaler on compliance to the requirements of the Good Distribution Practice standard. The certificate on Good Distribution Practice of medicinal products for human use was received and significant inspection was carried out by the U.S. Food and drug Administration (FDA). Also, audits by the clients and cooperation partners were performed, while specialists from “Grindeks” audited active pharmaceutical ingredient manufacturers, raw material suppliers, wholesalers and cooperation partners both in Latvia and in other countries. During the first nine months of 2016, the recertification for company’s subsidiary “Kalceks” on compliance to the Good Manufacturing Practice standard was accomplished. “Grindeks” occupational health and safety management system (OHSAS) recertification audit, as well as Environmental monitoring laboratory recertification according to the ISO 17025 standard were both successful.

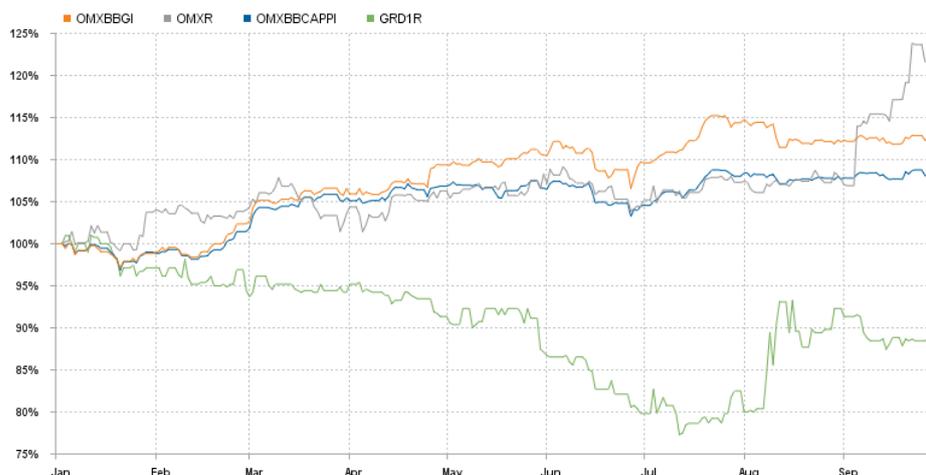
“Grindeks” share price development in the first nine months of 2016 (data of “Nasdaq Riga”)

Since 2 January 2006 shares of “Grindeks” are listed in the official list of “Nasdaq Riga”. JSC “Grindeks” share price on “Nasdaq Riga” in the first nine months of 2016 ranged from 3.96 to 5.27 euro. In the first nine months of 2016 the average price of JSC “Grindeks” shares on “Nasdaq Riga” was 4.7 euro. The total of “Nasdaq Riga” traded shares in the first nine months of 2016 was 303 068 shares, reaching 1 438 thousand euro turnover. At the end of the first nine months of 2016, market capitalization of “Grindeks” shares was 43.23 million euro.

In the first nine months of 2016, the Group’s earnings per share (EPS factor) were 0.71 euro in comparison to 0.40 euro in the first nine months of 2015.



“Grindeks” share price development in the first nine months of 2016 in comparison with Baltic market indexes (data of “Nasdaq Riga”)



Index/Equity	01.01.2016	30.09.2016	+/- %
— OMX Baltic Benchmark GI	648.32	734.28	13.26 ↑
— OMX Riga	594.35	708.82	19.26 ↑
— OMX Baltic Benchmark Cap PI	340.20	369.08	8.49 ↑
— GRD1R	5.200 EUR	4.510 EUR	-13.27 ↓

Future prospects

In 2016, “Grindeks” continues focusing on the new markets, diversifying its operations and thereby reducing business risks. It is expected, that in the new markets “Grindeks” will gradually reach increasingly higher sales results.

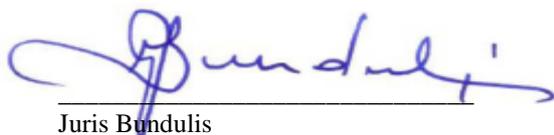
In 2016 “Grindeks” continues to expand its product portfolio. Along with registration procedures of the new products in the historical “Grindeks” markets – Russia, other CIS countries and certain EU countries – a number of registration procedures have been initiated in Eastern Asia, Oceania and Persian Gulf countries where “Grindeks” registers the existing products. Currently, in 19 European countries 17 generics are registered. Under development in different stages starting from the chemical synthesis of active pharmaceutical ingredient to the clinical trials are 13 generics.

The situation in Russia and Ukraine, highlighted among the major business risks in the previous periods, gradually becomes stable, having a positive impact on the company’s performance indicators in both countries.

Decrease in value or devaluation of national currencies in the CIS countries are still the most significant business risk factors, that might negatively affect the company’s performance indicators.

“Grindeks” continues the optimization of current assets and cost reduction in positions which are not related to the company's strategic development projects, as well as product registration and their promotion.

On behalf of the Group’s Management:



Juris Bundulis
Chairman of the Board

25 November 2016

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 11 to the page 19, are prepared in accordance with the accounting records and source documents, presenting fairly the financial position of the Group as of 30 September 2016 and the results of its operations and cash flows for the period of nine months ended 30 September 2016.

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, Estonia and Slovakia).

On behalf of the Board:



Juris Bundulis
Chairman of the Board

25 November 2016

STATEMENT OF FINANCIAL POSITION

	30.09.2016. EUR	30.09.2015. EUR
ASSETS		
Non-current assets		
Intangible assets		
Software, patents, licenses, trademarks and other rights	677,809	713,290
Advance payments for intangible assets	110,700	120,794
Total intangible assets	788,509	834,084
Goodwill	5,044,761	5,044,761
Tangible fixed assets		
Land, buildings and constructions	31,563,024	33,017,438
Equipment and machinery	22,289,486	24,591,171
Other fixed assets	899,800	999,745
Construction in progress	3,131,174	2,621,707
Advance payments for fixed assets	1,090,305	304,875
Total tangible fixed assets	58,973,789	61,534,936
Investment property	9,080,000	9,108,638
Non-current financial investments		
Other investments	99,020	98,450
Other non-current loans	2,200,000	2,200,000
Total long term financial investments	2,299,020	2,298,450
Total non-current financial assets	76,186,079	78,820,869
Current assets		
Inventories		
Raw materials	6,438,789	6,191,380
Unfinished goods	8,640,672	9,292,519
Finished goods and goods for resale	6,282,211	4,285,216
Total inventory	21,361,672	19,769,115
Debtors		
Trade receivables	53,703,576	46,844,056
Other debtors	2,453,351	3,791,851
Loans provided to management and shareholders	2,640,282	2,551,009
Other loans	2,226,826	1,546,474
Deferred expenses	7,284,172	5,798,702
Total debtors	68,308,207	60,532,092
Cash and cash equivalents	993,054	990,303
Total current assets	90,662,933	81,291,510
TOTAL ASSETS	166,849,012	160,112,379

	30.09.2016. EUR	30.09.2015. EUR
LIABILITIES		
EQUITY		
Share capital	13,419,000	13,419,000
Share premium	22,321,657	22,321,657
Other reserves	880,726	880,726
Retained profit		
a) retained profit	72,770,154	71,733,420
b) foreign currency revaluation reserve	342,106	(65,664)
b) current year profit	6,432,283	3,864,821
Equity attributable to equity holders of the parent	116,165,925	112,153,960
Non-controlling interest	99,294	99,453
Total equity	116,265,219	112,253,413
LIABILITIES		
Non-current liabilities		
Loans from credit institutions	11,563,575	2,711,715
Finance lease liabilities	119,348	-
Deferred income	4,574,236	4,500,146
Deferred tax liabilities	5,203,490	5,269,792
Total non-current liabilities	21,460,649	12,481,653
Current liabilities		
Loans from credit institutions	11,487,493	21,438,536
Finance lease liabilities	82,413	-
Advances from customers	508,959	357,796
Trade accounts payable	10,162,314	7,685,078
Taxes and social security contributions	1,989,826	1,396,326
Other payables	3,884,606	3,459,390
Accrued liabilities	888,440	169,145
Deferred income	119,093	871,042
Total current liabilities	29,123,144	35,377,313
Total liabilities	50,583,793	47,858,966
TOTAL EQUITY AND LIABILITIES	166,849,012	160,112,379

STATEMENT OF COMPREHENSIVE INCOME

	2016 January- September EUR	2015 January- September EUR
Net sales	72,406,243	63,476,102
Cost of goods sold	(37,208,778)	(35,556,249)
Gross profit	35,197,465	27,919,853
Selling expenses	(13,898,414)	(12,844,960)
Administrative expenses	(10,253,801)	(9,132,488)
Other operating income	2,822,340	5,389,018
Other operating expenses	(5,944,463)	(6,596,191)
Interest income and similar income	108,919	108,869
Interest expenses and similar expenses	(316,066)	(320,819)
Real estate tax	(100,147)	(92,884)
Profit before taxation	7,615,833	4,430,398
Corporate income tax	(1,187,525)	(559,122)
NET PROFIT FOR THE PERIOD	6,428,308	3,871,276

Other comprehensive income

Foreign currency revaluation	342,106	(5,201)
Other comprehensive income total	342,106	(5,201)
Other comprehensive income	6,770,414	3,866,075

Attributable to:

Equity holders of the parent	6,432,283	3,864,821
Non-controlling interest	(3,975)	6,455
TOTAL	6,428,308	3,871,276

Comprehensive income attributable to:

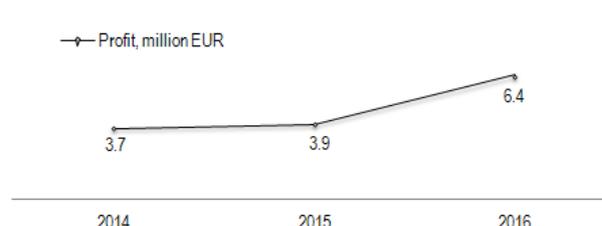
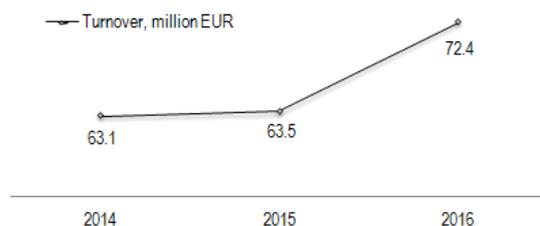
Equity holders of the parent	6,774,389	3,859,620
Non-controlling interest	(3,975)	6,455
Total	6,770,414	3,866,075

Earnings per share attributable to the equity holders of the parent

(EUR per share)

0.71

0.40



STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserves	Foreign currency re-valuation reserve	Retained profit	Equity attributable to equity holders of the parent	Non-controlling interest	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
31.12.2015.	13,419,000	22,321,657	880,726	(115,195)	72,770,154	109,276,342	103,269	109,379,611
Profit for the period	-	-	-	-	6,432,283	6,432,283	(3,975)	6,428,308
Foreign currency revaluation	-	-	-	457,300	-	457,300	-	457,300
30.09.2016.	13,419,000	22,321,657	880,726	342,106	79,202,437	116,165,925	99,294	116,265,219

STATEMENT OF CASH FLOWS

	2016 January- September EUR	2015 January- September EUR
OPERATING ACTIVITIES		
Net profit before taxation	7,615,833	4,430,398
<i>Adjustments to reconcile net profit to net cash provided by operating activities:</i>		
Depreciation and amortization	4,254,779	4,442,743
Revenue from the EU funds	(782,514)	(586,395)
Interest income	(240,914)	(108,869)
Interest expense	273,336	320,819
<i>Changes in operating assets and liabilities:</i>		
Inventory	(1,582,930)	(786,935)
Debtors	(9,774,531)	(2,512,700)
Creditors	2,978,511	(5,382,153)
Gross cash provided by operating activities	2,741,570	(183,092)
Corporate income tax paid	(274,765)	1,863,597
Net cash provided by operating activities	2,466,805	1,680,505
INVESTING ACTIVITIES		
Purchase of fixed assets and intangible assets	(2,469,249)	(2,242,188)
Proceeds from sale of fixed assets	12,686	-
Advance payments for financial investments	(15,000)	(60,150)
Net cash used in investing activities	(2,471,563)	(2,302,338)
FINANCING ACTIVITIES		
Received loans from credit institutions	2,304,908	10,101,586
Repaid loans to credit institutions and leasing payments	(1,781,000)	(1,569,362)
Dividends paid	-	(9,000,000)
Revenue from the EU funds	22,742	209,643
Interest paid	(273,336)	(320,819)
Net cash (used in) /provided by financing activities	273,314	(578,952)
Net increase in cash and cash equivalents	268,556	(1,200,785)
Cash and cash equivalents at the beginning of the year	724,498	2,191,088
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	993,054	990,303

NOTES

OTHER DEBTORS

	30.09.2016.	30.09.2015.
	EUR	EUR
Tax receivables	1,122,666	461,637
Other	1,330,685	3,330,214
Total	2,453,351	3,791,851

CASH AND CASH EQUIVALENTS

	30.09.2016.	30.09.2015.
	EUR	EUR
Cash in bank	979,781	981,196
Cash on hand	13,273	9,107
Total	993,054	990,303

LOANS FROM CREDIT INSTITUTIONS

	30.09.2016.	30.09.2015.
	EUR	EUR
Credit line from Nordea Bank AB Latvia branch	4,282,442	13,867,774
Credit line from JSC "SEB banka", Latvia	4,999,743	4,948,501
Credit line from Tatrabank JSC, Slovakia	1,677,766	1,460,514
Tatrabank JSC, Slovakia	101,875	537,841
Tatrabank JSC, Slovakia	58,200	385,884
Tatrabank JSC, Slovakia	52,500	151,250
JSC "SEB banka", Latvia	64,966	64,967
Tatrabank JSC, Slovakia	-	21,805
Nordea Bank AB Latvia branch	250,001	-
Current loans from credit institutions	11,487,493	21,438,536
Nordea Bank AB Latvia branch	8,583,333	-
Tatrabank JSC, Slovakia	1,222,500	1,630,000
Tatrabank JSC, Slovakia	708,200	613,316
JSC "SEB banka", Latvia	403,316	389,799
Tatrabank JSC, Slovakia	-	78,600
Tatrabank JSC, Slovakia	646,226	-
Non-current loans from credit institutions	11,563,575	2,711,715
Total	23,051,068	24,150,251

TAXES AND SOCIAL SECURITY CONTRIBUTIONS

	30.09.2016.	30.09.2015.
	EUR	EUR
Social security contributions	928,486	548,300
Personal income tax	297,909	206,124
Corporate income tax	692,241	596,483
Other	71,190	45,419
Total	1,989,826	1,396,326

NET SALES

	2016	2015
	January-	January-
	September	September
	EUR	EUR
Other CIS countries	23,012,368	23,639,983
Russia	19,439,957	12,709,901
Other countries	21,423,008	20,087,954
Latvia	7,039,276	6,048,251
Lithuania	3,344,072	2,841,565
Estonia	1,820,523	1,524,212
Other sales	620,622	704,082
Gross sales	76,699,826	67,555,948
Less discounts		
Other CIS countries	(3,843,326)	(3,504,003)
Russia	(3,778)	(232,867)
Lithuania	(36,407)	(195,612)
Estonia	(43,790)	(96,194)
Other countries	(22,927)	(41,371)
Latvia	(343,355)	(9,799)
Discounts total	(4,293,583)	(4,079,846)
Total, net	72,406,243	63,476,102

COST OF GOODS SOLD

	2016 January- September EUR	2015 January- September EUR
Raw materials and packaging	19,127,986	12,537,906
Direct labor and social security contributions	10,410,959	10,242,100
Goods purchased for resale and contract manufacturing costs	2,509,897	5,631,269
Depreciation of fixed assets and amortization of intangible assets	3,540,414	3,602,742
Research costs	1,678,883	1,873,407
Electricity expenses	1,801,062	1,653,381
Machinery, buildings and equipment repairs	973,445	862,226
Household expenses	171,558	177,807
Transport costs	134,923	126,005
Waste disposal	94,347	99,375
Rent of work clothing	103,851	97,191
Other expenses	1,535,166	1,334,655
Internal turnover of self-manufactured raw materials	(4,873,713)	(2,681,815)
Total	37,208,778	35,556,249

SELLING AND DISTRIBUTION COSTS

	2016 January- September EUR	2015 January- September EUR
Advertising expenses	4,538,603	4,319,984
Expenses of representative offices	2,691,424	2,873,821
Salaries and social security contributions	2,085,075	1,816,372
Distribution costs	709,511	675,645
Commissions	873,085	594,617
Registration costs for medicine	603,280	339,677
Depreciation of fixed assets and amortization of intangible assets	253,396	307,568
Freight insurance expenses	11,757	12,632
Other expenses	2,132,283	1,904,644
Total	13,898,414	12,844,960

ADMINISTRATIVE EXPENSES

	2016	2015
	January- September	January- September
	EUR	EUR
Salaries and social security contributions	5,978,345	4,836,959
Depreciation of fixed assets and amortization of intangible assets	411,773	476,293
Professional and consultancy services	364,265	363,955
Security costs	307,047	313,335
Computer maintenance and repair	294,570	279,551
Employee insurance expenses	159,373	183,310
Bank charges	152,278	178,431
Electricity costs	186,099	161,831
Transport costs	132,084	125,117
Property and liability insurance	93,445	102,994
Business trip expenses	82,828	61,351
Communication expenses	49,290	41,097
Personnel training and hiring expenses	22,989	16,572
Other expenses	2,019,415	1,991,692
Total	10,253,801	9,132,488

JSC "Grindex" hereby informs that there were no changes made in its accounting policy in January-September 2016. In non-audited financial accounts for the period January-September 2016 the Group has employed the same Accounting and Consolidation Principles as in the audited consolidated financial accounts for the year 2015, released on 29 April 2016.

Chairman of the Board

25 November 2016

Juris Bundulis